

**TOWN OF WOODSIDE**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2008**

This Page Left Intentionally Blank

TOWN OF WOODSIDE  
 Basic Financial Statements  
 For the Year Ended June 30, 2008  
Table of Contents

	<u>Page</u>
<i>Independent Auditor's Report on Basic Financial Statements</i> .....	1
<i>Management's Discussion and Analysis</i> .....	3
 <b><i>Basic Financial Statements:</i></b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	32
Statement of Activities.....	33
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	36
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	37
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Change in Governmental Net Assets.....	38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund .....	39
Library Operations Special Revenue Fund.....	40
Measure A Special Revenue Fund.....	41
Proprietary Funds:	
Statement of Net Assets.....	44
Statement of Revenues, Expenses and Changes in Net Assets .....	45
Statement of Cash Flows .....	46
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	48
Notes to Basic Financial Statements.....	49

**TOWN OF WOODSIDE**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2008**  
**Table of Contents**

*Supplemental Information*

Non-major Governmental Funds:

Combining Balance Sheets.....	66
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances .....	68
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual .....	70

Fiduciary Funds:

Statement of Changes in Assets and Liabilities – All Agency Funds.....	74
--	----

INDEPENDENT AUDITOR'S REPORT  
ON BASIC FINANCIAL STATEMENTS

**ACCOUNTANCY CORPORATION**  
3478 Buskirk Ave. - Suite 215  
Pleasant Hill, California 94523  
(925) 930-0902 • FAX (925) 930-0135  
maze@mazeassociates.com  
www.mazeassociates.com

To the Honorable Mayor and Members of the Town Council  
Woodside, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodside, California, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodside, California, as of June 30, 2008 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Maze & Associates*

September 4, 2008

This Page Left Intentionally Blank

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

This is the fifth fiscal year that the Town of Woodside has issued its financial statements in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) and successor statements, as outlined in Note 2B to the Basic Financial Statements. GASB 34 was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make their decisions, including members of the Town Council, members of oversight bodies (such as the Town's Audit Committee), investors, creditors, and the public in general. GASB 34 introduced many changes to the look and content of annual financial reports. One important requirement is that financial managers provide *Management's Discussion and Analysis* (MD&A), which is designed to provide readers an objective and easily readable analysis of the governmental unit's financial performance for the reported year. This MD&A should be read in conjunction with the *Basic Financial Statements* and the accompanying notes to the Basic Financial Statements. The Basic Financial Statements include the *Government-wide Statements* and the *Fund Financial Statements*, along with the accompanying Notes.

### ***Reporting the Town as a Whole: Government-wide Statements***

The Government-wide Statements present the financial position of the Town with a longer-term view of the Town's activities as a whole, and consist of the *Statement of Net Assets* and the *Statement of Activities*. The Statement of Net Assets presents all information about the Town's assets and liabilities, both current and long-term, on the full accrual basis of accounting, which is similar to the accounting used by most private sector businesses. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which liability is incurred. Highlighting net assets, or the difference between assets and liabilities, is one way to measure the Town's financial health and position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The Town has chosen, within the parameters of GASB 34, not to retrospectively include the historic costs and accumulated depreciation of infrastructure in place, including but not limited to the Town's roadway system.

The Statement of Activities provides information about all of the Town's revenues and expenses, also on the full accrual basis, and emphasizes the measurement of the net revenues or expenses of each of the Town's functional or program areas. It also incorporates changes in Net Assets for the year. In accordance with GASB 34, certain eliminations have been made related to interfund activity, payables, and receivables.

Both the Statement of Net Assets and the Statement of Activities separately present information about the Town's *governmental activities* and its *business-type activities*. Most of the Town's basic services fall into the category of governmental activities, including administration, finance, public works, planning and building, trails, recreation, contractual police services, and library services. Sales, utility and property taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities. Business-type activities are those for which the Town charges a fee to customers to pay for the full cost of certain services provided. The Town's only business-type activities involve the provision of public sewer service.

## ***Reporting the Town's Major Funds: Fund Financial Statements***

The Fund Financial Statements include *governmental, proprietary* and *fiduciary* funds and report the Town's operations in more detail and with a shorter-term focus than the Government-wide Statements. A reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach under GASB 34.

The Fund Financial Statements provide detailed information about the Town's most significant funds, called *Major Funds*. The concept of Major Funds and the determination of which funds are Major Funds were established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, and all of the Non-major Funds are combined in a single column. Major Funds present the major activities of the Town for the year. The General Fund is always a Major Fund, but other funds designated as Major Funds may change from year-to-year, based upon their specific pattern of activities. The Major Funds reported for 2007-08 are the General Fund, the Library Fund, the Measure A Fund, and the Barkley Fields and Park Construction Fund, which are all governmental funds, and the Sewer Service Enterprise Funds, which are proprietary funds.

### ***Governmental Funds***

Most of the Town's basic services are reported in governmental funds. These funds focus on reporting the flow of money into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period (by June 30<sup>th</sup>) or soon enough thereafter to be used. The governmental fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

### ***Proprietary Funds***

When the Town charges customers for services, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The Town's proprietary funds (e.g. the Sewer Service Enterprise Funds) are the same as the business-type activities reported in the Government-Wide Financial Statements, but the fund financial statements for the proprietary funds provide more detail and additional information, such as cash flows for each of the enterprise funds.

### ***Fiduciary Funds***

The Town is the trustee, or fiduciary, for certain funds established to account for assets held by the Town in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These activities are excluded from the Town's Government-Wide Financial Statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

## Financial Analysis: Government-wide Statements

As has been previously explained, the government-wide statements report Governmental and Business-type Activities separately in the Statement of Net Assets and the Statement of Activities. The analysis of these government-wide statements will accordingly look at the two types of activities separately.

**Governmental Activities** consist of most of the programs and functions of the Town. As of June 30, 2008, the net assets of the Town's Governmental Activities totaled \$21.4 million, as is highlighted in the following chart.

### Statement of Assets: Governmental Activities Net Assets at June 30, 2008

	2007-08	2006-07	Inc./ (Dec.)
Cash & Investments	\$ 7,549,854	\$ 7,053,676	\$ 496,178
Other Assets	470,989	1,392,976	(921,987)
Capital Assets	16,000,282	14,252,037	1,748,245
<b>Total Assets</b>	<b>\$ 24,021,125</b>	<b>\$ 22,698,689</b>	<b>\$ 1,322,436</b>
Accounts Payable	161,034	339,511	(178,477)
Compensated Absences	318,350	392,757	(74,407)
Retentions Payable	1,820,949	1,584,511	236,438
<b>Total Liabilities</b>	<b>\$ 2,300,333</b>	<b>\$ 2,316,779</b>	<b>\$ (16,446)</b>
<b>Net Assets:</b>			
Invested in capital assets	16,000,282	14,252,037	1,748,245
Restricted	3,028,483	2,383,906	644,577
Unrestricted	2,692,027	3,745,967	(1,053,940)
<b>Net Total Assets</b>	<b>\$ 21,720,792</b>	<b>\$ 20,381,910</b>	<b>\$ 1,338,882</b>

The total net assets for the Town's Governmental Activities increased by just over \$1.3 million in 2007-08. This increase is attributable to several things:

- ✓ "Net Assets Invested in Capital Assets" increased by over \$1.7 million. This reflects the net of activity involving the addition, retirement, and depreciation of capital assets. Note 5 to the Basic Financial Statements includes a summary of the activity that impacted capital assets during 2007-08, which includes:

Construction in Progress - Barkley Fields and Park	(2,433,131)
Capital Assets - Barkley Fields and Park	4,194,903
Additions to Equipment	114,497
Subtotal	\$ 1,876,269
Less: Additions to Accumulated Depreciation	(128,024)
<b>Net Additions to Capital Assets</b>	<b>\$ 1,748,245</b>

- ✓ Offsetting the \$1.7 million increase in capital assets is a net decrease of about \$409,000. This net decrease is comprised of the following components:

- An increase of \$496,178 in cash and investments
- A decrease of \$921,987 in Other Assets
- A decrease of \$178,477 in Accounts Payable

- A decrease of \$74,407 in Compensated Absences
- An increase of \$236,438 in Retentions Payable

The increase in Cash and Investments is the net result of the changes that occurred in the various funds that make up the Governmental Activities, as depicted in the following chart.

Fund	6/30/2008	6/30/2007	Change
General Fund	\$ 4,545,973	\$ 4,722,421	\$ (176,448)
Library Fund	1,333,114	1,043,426	289,688
Measure A Fund	787,114	641,097	146,017
Barkley Fields Construction Fund	389,230	-	389,230
Other Governmental Funds	494,423	646,732	(152,309)
<b>Total</b>	<b>\$ 7,549,854</b>	<b>\$ 7,053,676</b>	<b>\$ 496,178</b>

Each fund deserves separate comment.

The General Fund's Cash and Investments decreased by about 3.7%, or about \$176,000. This was a planned decrease and reflects the Town Council's decision to utilize available fund balances to support one-time activities. In this case, the Town's General Fund transferred \$684,000 to the Barkley Fields and Park Construction Fund to finance the completion of the park.

The Town's Library Fund experienced a 27.8%, or \$290,000, increase Cash and Investments from June 30, 2007 to June 30, 2008. The Library Fund supports the Town's share of the operation and maintenance of the library facility. The Town is a party to a Joint Powers Agreement (JPA) between many of the cities within San Mateo County and the County itself. The County provides the actual direct library services and pays for them from property taxes raised specifically for library purposes within each jurisdiction that hosts a County branch library. The "hosting" jurisdiction owns the building and grounds that support the library function and pays for day-to-day and long-term upkeep and improvement. Pursuant to the terms of the JPA, if more property taxes are raised within a jurisdiction than are needed to provide the direct library services, then the County is to remit the balance of the property taxes to the host jurisdiction, which can use the funds only for library purposes. Unless a major improvement project is undertaken, the Town generally pays about \$60,000 for routine maintenance. During 2007-08, no major projects were undertaken and the Town received about \$360,000 in property taxes and interest income for the Library Fund, leading to the cash increase.

The Measure A Fund accounts for the Town's share of a county-wide half-cent of sales tax that is dedicated to transportation-related projects. The Town utilizes this revenue for road rehabilitation and maintenance projects. The level of expenditures from this fund varies from year-to-year, depending upon the prioritization of road projects and the results of the public bidding process on these projects. During 2007-08, the Town determined that one major project should be delayed pending further analysis of the need for the project. This delay resulted in budget savings and in a related increase in cash, as revenues exceeded expenditures for the fiscal year.

The Barkley Fields and Park Construction Fund accounts for \$389,230 of the total increase in Cash and Investments. During 2006-07, the fund was in a deficit position for most of the year, as private contributions in support of the park's construction were provided on a reimbursement basis. As a result, there was no cash on hand for the fund at June 30,

2007. During 2007-08, the fund received all outstanding private contributions, State parks bond grants, and General Fund and Sewer Utility Fund contributions. At June 30, 2008, there was almost \$390,000 on hand in the fund, sufficient to pay all contractor retention payments during 2008-09.

The Town's remaining Special Revenue funds account for \$152,309 of the change in Cash and Investments at June 30, 2008, as is depicted in the next chart.

Fund	Net Change
Traffic Safety	\$ 15,303
Gas Tax	(30,230)
Law Enforcement Equipment (CLEEP)	(37,599)
Supplemental Law Enforcement (COPS)	(356)
Road Impact Fee	(99,427)
<b>Total</b>	<b>\$ (152,309)</b>

Although none of these changes are material, it is worth noting that: (1) the decrease in the Road Impact Fee fund reflects the expenditure of a part of the available fund balances on major road rehabilitation projects during the year; (2) the decrease in the Gas Tax fund reflects the State's withholding of six months' gas tax revenues from local governments to temporarily provide the State with cash flow relief; and (3) the decrease in the CLEEP fund reflects the Town planned elimination of this fund through the expenditure of the remaining grant funds on law enforcement-related equipment items.

The decrease of \$921,987 in **Other Assets** is almost entirely attributable to the Barkley Fields and Park Construction Fund. At the close of fiscal year 2007, the Woodside Community Foundation (WCF), a non-profit organization holding the private funds that were raised to support the construction of the park, had been invoiced for \$910,854 to reimburse the Town for the latest payments to the contractor for the project. An Accounts Receivable in this amount was recorded as of June 30, 2007. All private funds have now been received for the project, so no accounts receivable were due at June 30, 2008.

As the following chart illustrates, the decrease in **Accounts Payable** of \$178,477 is also primarily attributable to the Barkley Fields and Park Construction Fund, which at June 30, 2007 reflected Accounts Payable to the contractor of \$241,407. There were no contractor payments due at June 30, 2008, and therefore, no Accounts Payable recorded.

Fund	6/30/2008	6/30/2007	Change
General Fund	\$ 143,722	\$ 90,551	\$ 53,171
Library Fund	970	700	270
Measure A Fund	5,832	4,530	1,302
Barkley Fields Construction Fund	-	241,407	(241,407)
Other Governmental Funds	10,510	2,323	8,187
<b>Total</b>	<b>\$ 161,034</b>	<b>\$ 339,511</b>	<b>\$ (178,477)</b>

The other fund of note is the General Fund, which experienced an increase in Accounts Payable of \$53,171. This increase resulted from one primary factor. The Town utilized the services of a consulting engineer firm for the last six months of the fiscal year. The firm installed a new invoice system early in 2008 and was months behind in its billings. This delayed the receipt by the Town of several months' billings until July, leading to the

recording of a roughly \$55,000 Accounts Payable to the consulting firm, an unusual circumstance.

**Retentions Payable**, which increased by \$236,438 during 2007-08, are comprised of two components. The first component involves deposits of funds that the Town collects from individuals and businesses that undertake development projects in the Town. These deposits are generally charged when the Town requires consultants to be involved in the development review process. Until the charges are made, the unexpended funds on deposit are treated as a Retention Payable. This liability decreased by \$114,603 as of June 30, 2008, reflecting the final expenditure of funds on two major environmental studies and the recognition of the related deposit revenues to cover the costs associated with these studies. The second component of the Retentions Payable is recorded in the Barkley Fields and Park Construction Fund. It represents a \$351,041 retention payment due to the two contractors who built the park and restroom facility. These two project elements were accepted by the Town Council on July 22, 2008 and the final retention payments will be paid in late September.

Finally, **Compensated Absences** decreased by \$74,407 during 2007-08. The Town books a liability for the value of personal leave and other accumulated paid time off balances that has been accrued by Town employees. Each year the balance is adjusted to reflect current pay rates and changes in individual employees' balances. The decrease reflected at June 30, 2008, is the result of the retirement and resignation of two senior employees and the payout of their leave balances during the year.

During 2007-08, the Town's Governmental Activities were supported by about \$7.8 million in program and general revenues, derived from many sources, as is summarized in the next chart.

**Statement of Activities: Governmental Activities  
2007-08 Revenues by Source**

Source	\$	% of Total
<b>Program Revenues:</b>		
Charges for services	\$ 1,155,736	14.8%
Operating grants & contributions	1,239,306	15.8%
<b>Total Program Revenues</b>	<b>\$ 2,395,042</b>	<b>30.6%</b>
<b>General Revenues:</b>		
Property tax	2,423,454	31.0%
Sales tax	390,070	5.0%
Property transfer tax	153,762	2.0%
Franchises	312,431	4.0%
Business licenses	123,652	1.6%
Interest	298,495	3.8%
Other agencies	667,813	8.5%
Other income	843,473	10.8%
<b>Transfers</b>	<b>218,312</b>	<b>2.8%</b>
<b>Total General Revenues &amp; Transfers</b>	<b>\$ 5,431,462</b>	<b>69.4%</b>
<b>Total Revenues</b>	<b>\$ 7,826,504</b>	<b>100.0%</b>

The "Transfers" category reflects the transfer of \$218,312 in cash from the Proprietary Funds (business-type activities) to the Governmental Funds (governmental activities) to cover administrative overhead charges to the Proprietary Funds, in keeping with

the Town Council's Financial Management Policies, and to provide reimbursement to the Barkley Fields and Park Construction Fund to cover the cost of public sewers constructed for the park.

The total revenues for 2007-08 were almost \$2.9 million, or 26.9%, lower than they were in 2006-07, as the following chart depicts.

**Statement of Activities: Governmental Activities  
Two-year Comparison of Revenues by Source**

Source	2007-08	2006-07	Inc./Dec. (\$)	Inc./Dec. (%)
<b>Program Revenues:</b>				
Charges for services	\$ 1,155,736	\$ 1,270,413	\$ (114,677)	-9.0%
Operating grants & contributions	1,239,306	1,226,599	12,707	1.0%
<b>Total Program Revenues</b>	<b>\$ 2,395,042</b>	<b>\$ 2,497,012</b>	<b>\$ (101,970)</b>	<b>-4.1%</b>
<b>General Revenues:</b>				
Property tax	2,423,454	4,326,315	(1,902,861)	-44.0%
Sales tax	390,070	366,968	23,102	6.3%
Property transfer tax	153,762	151,156	2,606	1.7%
Franchises	312,431	308,909	3,522	1.1%
Business licenses	123,652	134,740	(11,088)	-8.2%
Interest	298,495	332,517	(34,022)	-10.2%
Other agencies	667,813	610,164	57,649	9.4%
Other income	843,473	1,907,639	(1,064,166)	-55.8%
<b>Transfers</b>	<b>218,312</b>	<b>76,535</b>	<b>141,777</b>	<b>185.2%</b>
<b>Total General Revenues &amp; Transfers</b>	<b>\$ 5,431,462</b>	<b>\$ 8,214,943</b>	<b>\$ (2,783,481)</b>	<b>-33.9%</b>
<b>Total Revenues</b>	<b>\$ 7,826,504</b>	<b>\$ 10,711,955</b>	<b>\$ (2,885,451)</b>	<b>-26.9%</b>

The two sources of revenue that contribute to this significant decrease are property taxes and other income. Property taxes are discussed in detail later in this MD&A. The decrease in the other income category is primarily attributable to the Barkley Fields and Park Construction Fund and reflects contributions from private donors in support of the project. These contributions were received in the form of reimbursements as progress payments were made to the contractor. The Town received about \$1.2 million less in 2007-08 than it had in 2006-07 from this source, as the project drew to its conclusion.

The programs reported as Governmental Activities include all the basic areas of Town government, such as administration, planning, public works, safety services, library services, buildings and grounds, trails maintenance, recreation, and town-wide overhead. Because changes in net assets are incorporated into the Statement of Activities, the expenses reported in this statement include such things as annual depreciation of capital assets and increases in the balance of compensated absences, and exclude funds expended on capital outlays. For example, in the Fund Financial Statements for the Governmental Funds, the Administration and Finance Program reflects an expenditure of \$1,047,868 for 2007-08. This same program reflects total expenses of \$1,041,295 in the next chart, which is taken from the Statement of Activities. The \$6,573 difference is annual depreciation expense of \$4,809 and an increase in compensated absence balances of \$1,764. These items, treated in the Fund Financial Statements as adjustments to balance sheet accounts, are incorporated into the total activity for this program area in the Statement of Activities. A full reconciliation of these statements is included in the Basic Financial Statements.

**Statement of Activities: Governmental Activities  
2007-08 Expenses by Program**

Program	Total Expense	% of Total
Town Council	\$ 45,730	0.7%
Administration & Finance	1,041,295	16.1%
Planning & Building Regulation	1,746,487	26.9%
Buildings & Grounds	160,605	2.5%
Town-wide Overhead	425,371	6.6%
Safety Services	1,145,950	17.7%
Trails & Stables	43,667	0.7%
Library Services	64,207	1.0%
Public Works	1,499,846	23.1%
Recreation & Open Space	314,464	4.8%
<b>Total</b>	<b>\$ 6,487,622</b>	<b>100.0%</b>

Program expenditures for the Governmental Activities were \$491,007, or 7.2%, higher in 2007-08 than they were in 2006-07, as the next chart demonstrates. A discussion of program expenditures for the year and their comparison to 2006-07 is included later in this MD&A.

**Statement of Activities: Governmental Activities  
Two-year Comparison of Expenses by Program**

Program	2007-08	2006-07	Inc./Dec. (\$)	Inc./Dec. (%)
Town Council	\$ 45,730	\$ 18,684	\$ 27,046	0.4%
Administration & Finance	1,041,295	931,438	109,857	1.6%
Planning & Building Regulation	1,746,487	1,447,300	299,187	4.4%
Buildings & Grounds	160,605	173,183	(12,578)	-0.2%
Town-wide Overhead	425,371	386,449	38,922	0.6%
Safety Services	1,145,950	1,071,337	74,613	1.1%
Trails & Stables	43,667	97,318	(53,651)	-0.8%
Library Services	64,207	40,488	23,719	0.3%
Public Works	1,499,846	1,676,282	(176,436)	-2.6%
Recreation & Open Space	314,464	85,335	229,129	3.4%
Interest & Fiscal Charges	-	68,801	(68,801)	-1.0%
<b>Total</b>	<b>\$ 6,487,622</b>	<b>\$ 5,996,615</b>	<b>\$ 491,007</b>	<b>7.2%</b>

The positive change in net assets from 2006-07 to 2007-08 of \$1,338,882 reported and discussed earlier, is equal to the difference between the total revenues of \$7,826,504 and total expenses of \$6,487,622 that are reflected in the Statement of Activities for Governmental Activities.

Business-type Activities for the Town are limited to its Sewer Service Enterprise Funds.

**Statement of Assets: Business-type Activities  
Two-year Comparison of Net Assets at June 30**

	2007-08	2006-07	Inc./Dec.
Cash & Investments	\$ 821,026	\$ 958,814	\$ (137,788)
Other Assets	71,526	96,507	(24,981)
Capital Assets	1,170,831	1,263,662	(92,831)
<b>Total Assets</b>	<b>\$ 2,063,383</b>	<b>\$ 2,318,983</b>	<b>\$ (255,600)</b>
Accounts Payable	1,954	1,795	159
Deferred Revenue	61,292	81,852	(20,560)
<b>Total Liabilities</b>	<b>\$ 63,246</b>	<b>\$ 83,647</b>	<b>\$ (20,401)</b>
<b>Net Assets:</b>			
Invested in capital assets	1,170,831	1,261,579	(90,748)
Unrestricted	829,306	973,757	(144,451)
<b>Net Total Assets</b>	<b>\$ 2,000,137</b>	<b>\$ 2,235,336</b>	<b>\$ (235,199)</b>

As is reported in the Statement of Activities, the change in net assets for the Town's Business-type Activities as of June 30, 2008, was a decrease of \$235,199. The following table outlines the components of this decrease.

**Business-type Activities  
Two-year Comparison of Change in Net Assets**

	2007-08	2006-07	Inc./Dec.
Expenses	\$ 255,693	\$ 284,031	\$ (28,338)
<b>Program Revenues:</b>			
Charges for services	197,465	313,397	(115,932)
<b>Net Revenue (Expense)</b>	<b>\$ (58,228)</b>	<b>\$ 29,366</b>	<b>\$ (87,594)</b>
<b>General Revenues:</b>			
Interest	\$ 41,341	\$ 46,708	(5,367)
Transfers	(218,312)	(76,535)	(141,777)
<b>Total General Revenue and Transfers</b>	<b>\$ (176,971)</b>	<b>\$ (29,827)</b>	<b>\$ (147,144)</b>
<b>Change in Net Assets</b>	<b>(235,199)</b>	<b>(461)</b>	<b>(234,738)</b>

The "Transfers" of \$218,312 is the aforementioned overhead cost reimbursement to the Town's General Fund and to the Barkley Fields and Park Construction Fund.

# FUND FINANCIAL STATEMENTS

## Performance of Governmental Funds

The Net Assets of the Town's Governmental Funds at June 30, 2008, were about \$21.7 million, which is the total of ending fund balances, plus capital assets, and less long-term commitments. The following chart provides an overview of these Net Assets.

### 2007-08 Net Assets - Governmental Funds

Governmental Funds	Total Assets	Total Liabilities	Fund Balance/ Net Assets
General Fund	\$ 4,975,048	\$ 1,613,630	\$ 3,361,418
Library Operations Fund	1,341,241	970	1,340,271
Measure A Fund	813,038	5,832	807,206
Barkley Fields & Park Construction Fund	389,230	-	389,230
Other Governmental Funds	502,313	10,537	491,776
<b>Subtotal</b>	<b>\$ 8,020,870</b>	<b>\$ 1,630,969</b>	<b>\$ 6,389,901</b>
Capital Assets			16,000,282
Non-current Portion of Compensated Absences			(318,350)
Retention Payables Adjustment			(351,041)
<b>Total Net Assets</b>			<b>\$ 21,720,792</b>

Total Net Assets increased by over \$1.3 million, or 6.57%, as is highlighted in the following chart.

### Two-year Comparison of Net Assets - Governmental Funds

Governmental Funds	2007-08	2006-07	Inc./Dec. (\$)	Inc./Dec. (%)
Total Assets	\$ 8,020,870	\$ 8,711,213	\$ (690,343)	-7.92%
Total Liabilities	1,630,969	2,188,583	(557,614)	-25.48%
Fund Balance/Net Assets	\$ 6,389,901	\$ 6,522,630	\$ (132,729)	-2.03%
Capital Assets	16,000,282	14,252,037	1,748,245	12.27%
Non-current Portion of Compensated Absences	(318,350)	(392,757)	74,407	-18.94%
Retention Payables Adjustment	(351,041)	-	(351,041)	---
<b>Total Net Assets</b>	<b>\$ 21,720,792</b>	<b>\$ 20,381,910</b>	<b>\$ 1,338,882</b>	<b>6.57%</b>

The combined fund balances of \$6,389,901 from the various Governmental Funds comprise about 29.9% of Total Net Assets at June 30, 2008. These fund balances decreased by \$132,729, or 2%, during 2007-08. The following summary of the Statement of Revenues, Expenditures, and Changes in Fund Balance for the Governmental Funds illustrates the details of this net increase.

**Governmental Funds  
Net Change in Fund Balances at June 30, 2008**

Governmental Funds	Total Revenues	Total Expenditures	Excess/(Def.) of Revenues	Other Financing Sources/(Uses)	Net Change in Fund Balance
General	\$ 5,606,916	\$ 4,987,187	\$ 619,729	\$ (992,149)	\$ (372,420)
Library Operations Fund	359,999	64,207	295,792	(8,539)	287,253
Measure A Fund	278,895	566,312	(287,417)	430,000	142,583
Barkley Fields & Park Construction Fund	662,304	1,536,960	(874,656)	859,000	(15,656)
Other Governmental Funds	700,078	804,567	(104,489)	(70,000)	(174,489)
Subtotal	\$ 7,608,192	\$ 7,959,233	\$ (351,041)	\$ 218,312	\$ (132,729)
Beginning Fund Balances					6,522,630
Ending Fund Balances					\$ 6,389,901

The following chart provides a comparison of the components that made up the net change in fund balances for the Governmental Funds for 2007-08 and 2006-07.

**Two-year Comparison of Net Change in Fund Balances - Governmental Funds**

Governmental Funds	2007-08	2006-07	Inc./Dec. (\$)	Inc./Dec. (%)
Total Revenues	\$ 7,608,192	\$ 10,635,420	\$ (3,027,228)	-28.46%
Total Expenditures	7,959,233	10,090,672	(2,131,439)	-21.12%
Excess/ (Deficiency) of Revenues	\$ (351,041)	\$ 544,748	\$ (895,789)	-164.44%
Other Financing Sources/ (Uses)	218,312	76,535	141,777	185.24%
Net Change in Fund Balance	\$ (132,729)	\$ 621,283	\$ (754,012)	-121.36%
Beginning Fund Balance	6,522,630	5,901,347	621,283	10.53%
Ending Fund Balance	\$ 6,389,901	\$ 6,522,630	\$ (132,729)	-2.03%

The following discussion provides a focused analysis of the performance of the Town's Governmental Funds by examining the four Major Funds.

▣ **General Fund**

The General Fund accounts for financial resources traditionally associated with government activities that are not legally required to be accounted for in another fund.

**2007-08 General Fund Performance**

Revenues	\$ 5,606,916
Expenditures	4,987,187
Excess of Revenues	\$ 619,729
Other Financing Sources (Uses)	
Transfers In	191,851
Transfers Out	(1,184,000)
Net Other Sources	\$ (992,149)
Increase to Fund Balance	(372,420)
Beginning Fund Balance	3,733,838
Ending Fund Balance	\$ 3,361,418

The General Fund ended the 2007-08 fiscal year with a fund balance of \$3,361,418, about \$372,000 less than the \$3.7 million on hand at June 30, 2007. This decrease resulted from the net impact of the fund's financial performance for the fiscal year, as summarized in the foregoing chart.

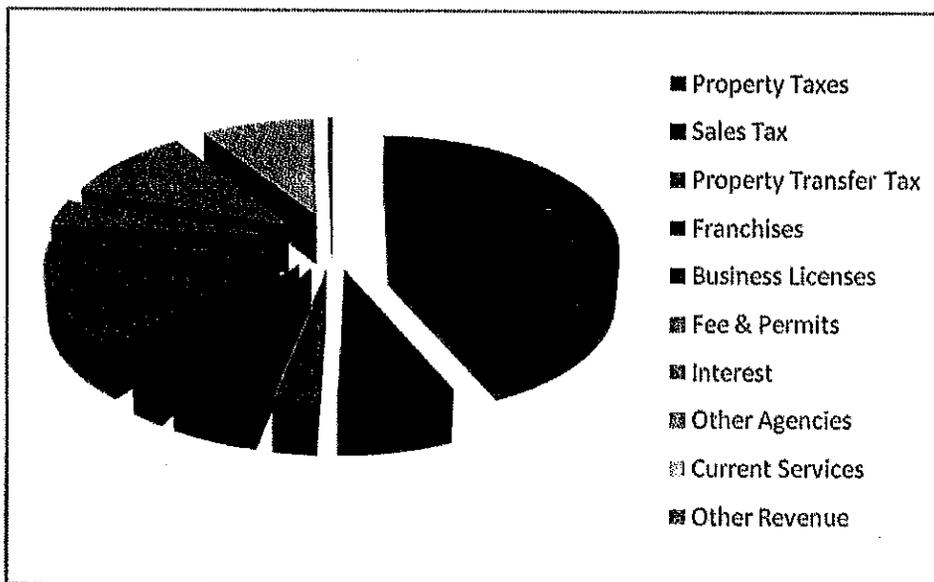
The Town continued to experience solid revenue receipt patterns during 2007-08. The following charts illustrate 2007-08 revenue performance contrasted with 2006-07 results of operation and 2007-08 revenue performance compared with budgetary expectations for the fiscal year.

Category	2007-08	2006-07	Inc. (Dec.) \$	Inc. (Dec.) %
Property Taxes	\$ 2,423,454	\$ 4,326,315	\$ (1,902,861)	-44.0%
Sales Tax	407,021	384,254	22,767	5.9%
Property Transfer Tax	153,762	151,156	2,606	1.7%
Franchises	312,431	308,909	3,522	1.1%
Business Licenses	123,652	134,740	(11,088)	-8.2%
Fees & Permits	863,318	730,476	132,842	18.2%
Interest	216,556	246,883	(30,327)	-12.3%
Other Agencies	585,740	535,769	49,971	9.3%
Current Services	500,839	477,003	23,836	5.0%
Other Revenue	20,143	56,474	(36,331)	-64.3%
<b>Total Revenues</b>	<b>\$ 5,606,916</b>	<b>\$ 7,351,979</b>	<b>\$ (1,745,063)</b>	<b>-23.7%</b>

The General Fund recognized total revenues of \$5,606,916 in 2007-08, as compared with \$7,351,979 in 2006-07. This reflects a 23.7%, or \$1.745 million, decrease.

Category	2007-08		Over/(Under) \$	Over/(Under) %
	Budget	Actual		
Property Taxes	\$ 2,339,159	\$ 2,423,454	\$ 84,295	3.6%
Sales Tax	368,678	407,021	38,343	10.4%
Property Transfer Tax	130,000	153,762	23,762	18.3%
Franchises	305,100	312,431	7,331	2.4%
Business Licenses	136,000	123,652	(12,348)	-9.1%
Fees & Permits	720,000	863,318	143,318	19.9%
Interest	151,000	216,556	65,556	43.4%
Other Agencies	547,537	585,740	38,203	7.0%
Current Services	402,884	500,839	97,955	24.3%
Other Revenue	18,000	20,143	2,143	11.9%
<b>Total Revenues</b>	<b>\$ 5,118,358</b>	<b>\$ 5,606,916</b>	<b>\$ 488,558</b>	<b>9.5%</b>

Total General Fund revenues for 2007-08 were 9.5%, or about \$489,000, above the budgeted level. The following chart provides a depiction of the proportional contribution each category of revenue made to the General Fund in 2007-08.



The foregoing charts invite focused discussion of several of the General Fund's revenue sources:

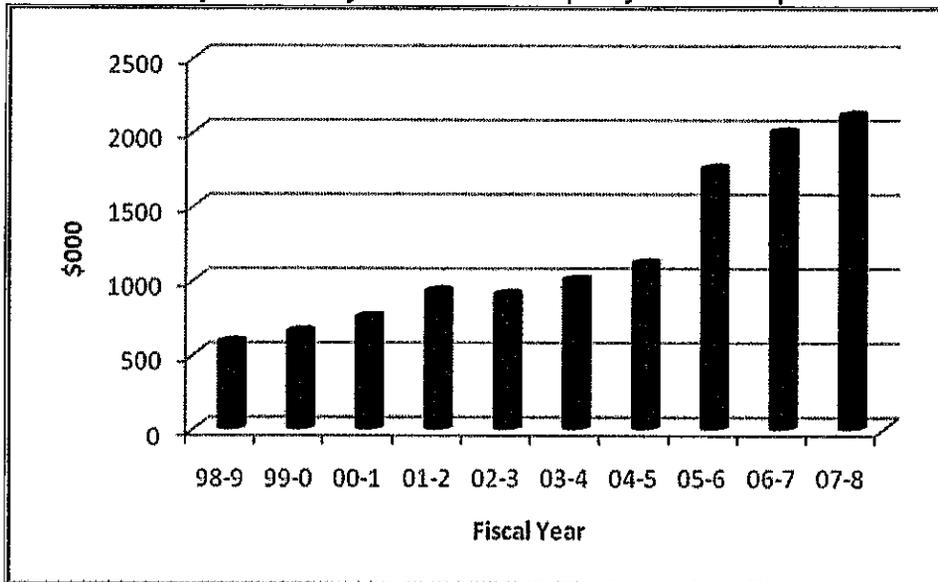
- Property Taxes** are usually the General Fund's largest revenue source and in 2007-08, they comprised about forty-three percent of revenues received for the fiscal year. As the second chart demonstrates, property taxes exceeded budgetary expectations by 3.6%, or about \$84,000. Property tax performance continued to be strong, although the first chart appears to refute this assertion. As that chart depicts, the Town received about \$1.9 million less in 2007-08 than it did in 2006-07. This is the result of two extraordinary items that both impacted 2006-07 and were one-time in nature. First, the Town received a lump sum payment of about \$1.2 million in November of 2006 from the County of San Mateo. The \$1.2 million payment was made pursuant to the terms of a Settlement Agreement between the County and four San Mateo County cities. It represented property taxes due the Town for the 2001-02 and 2002-03 fiscal years in accordance with the Tax Equity Allocation (TEA) provisions of the State of California's Revenue and Taxation Code. The TEA provisions, which were enacted in the late 1980's, guarantee cities in the State at least seven percent of the property tax revenues generated within their municipal boundaries. Up until 2005-06, the Town had been receiving about five percent of these revenues. The County's longstanding practice of underallocating property taxes to the four cities came to light late in 2005 and led to additional allocations of revenues to the cities for the 2003-04, 2004-05, and 2005-06 fiscal years. The cities negotiated an additional two years' of prior year revenues from the County, allowing all parties to avoid costly litigation. This significant payment skewed the normal receipt pattern for property tax revenues.

Second, in 2005-06, the Town exceeded its Gann Appropriation Limit by \$831,825. An accrued liability was recorded at June 30, 2006, in this amount, offset by a reduction in recognized property tax revenues for the fiscal year. The Town was able to eliminate this liability during 2006-07, and at June 30, 2007, the accrued liability was removed from the financial statements and the heretofore deferred property tax revenue from 2005-06 was finally recognized. This had the effect of artificially inflating property tax revenues for 2006-07 by \$831,825, again a one-time phenomenon. With these two extraordinary items factored out of the 2006-07 property tax revenue totals, the comparison between the two years is normalized.

The 2006-07 total becomes \$2,298,368 and the Town's 2007-08 property taxes exceed this by about \$125,000, or 5.4%.

The most useful analysis of property taxes is derived by analyzing the change in the pattern of receipt of only current secured property taxes, which do not reflect one-time or prior year adjustments. The following chart shows how revenues from secured property taxes have grown over the last ten years, from about \$581,000 in 1998-99 to about \$2.1 million in 2007-08. The chart reflects the Town's receipt beginning in 2005-06 of ongoing Tax Equity Allocation revenues, which increased the current secured property tax base by about \$500,000 a year.

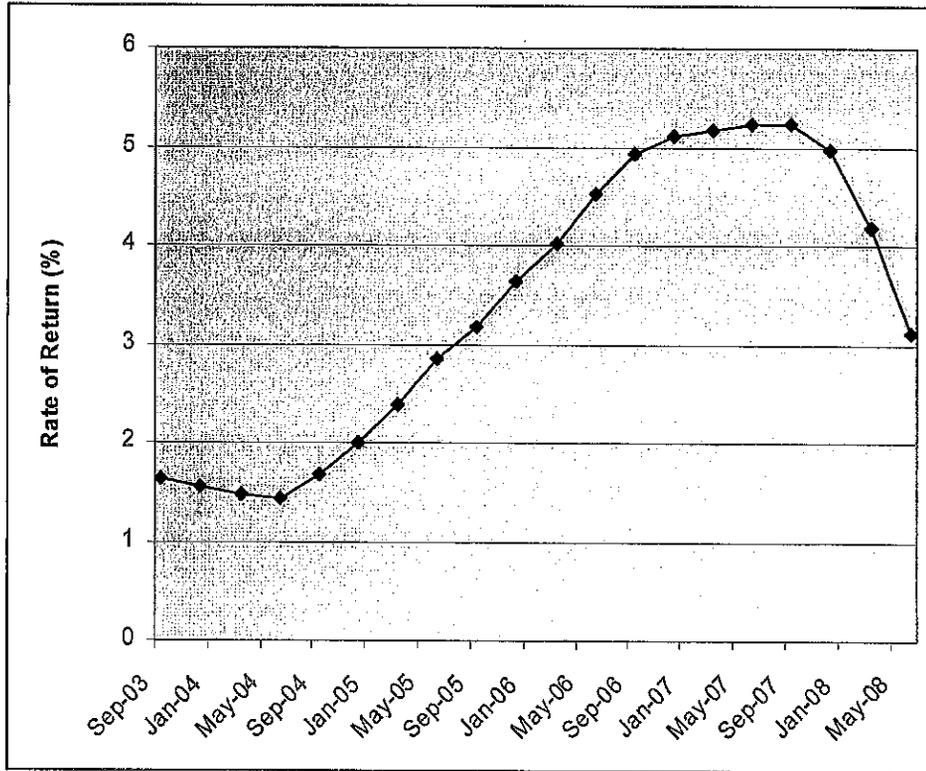
Ten-year History of Secured Property Tax Receipts



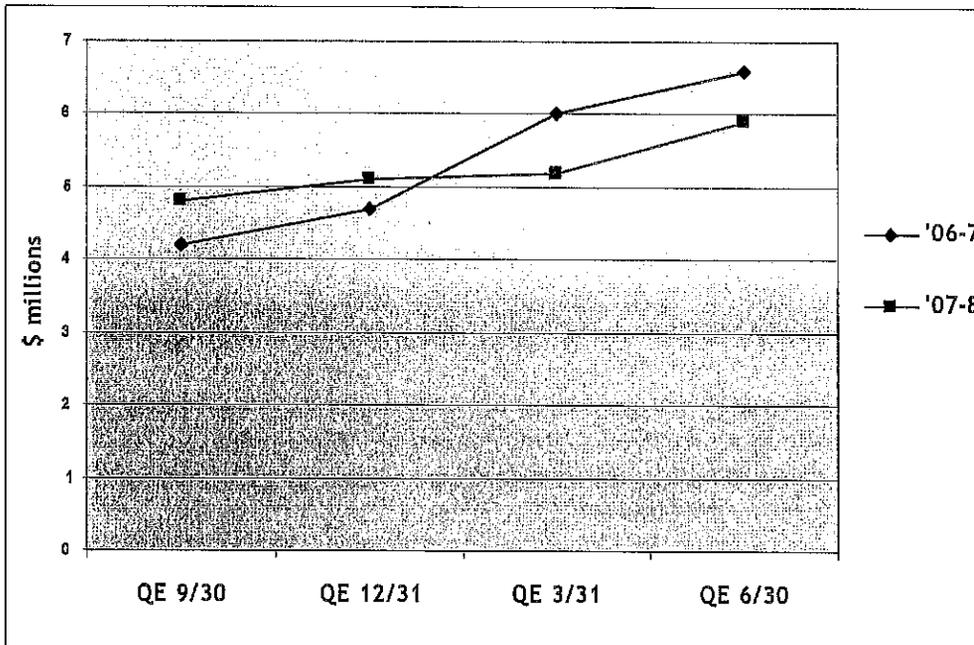
- Although **interest income** exceeded the budgeted level in 2007-08 by 43.4%, or about \$65,500, it did not meet the same levels as were experienced during 2006-07. The General Fund received about \$30,000 less in 2007-08 than it did in 2006-07. One key aspect of the decrease was the continuing deterioration of the rate of return on invested idle cash. The average rate of return in 2006-07 was 5.11%, as compared with 4.37% in 2007-08. The first of the two charts that follow provides a snapshot of the rate of return for each quarter during the last five fiscal years. This rate hit its lowest point in June of 2004, when the Town earned only 1.44% on its invested cash. The Town invests solely in the Local Agency Investment Fund (LAIF). The rate of return that the Town experiences is driven by the performance of the LAIF portfolio.

A second factor that impacts the Town's interest income is the amount of idle cash it has on hand to invest. The second of the two charts that follow compares idle General Fund cash for each quarter in 2007-08 as compared with 2006-07. Although the General Fund began the 2007-08 fiscal year with more cash on hand than in the previous year, this level dipped below the 2006-07 levels during the last half of the fiscal year. These two factors together led to the decrease in investment earnings for 2007-08.

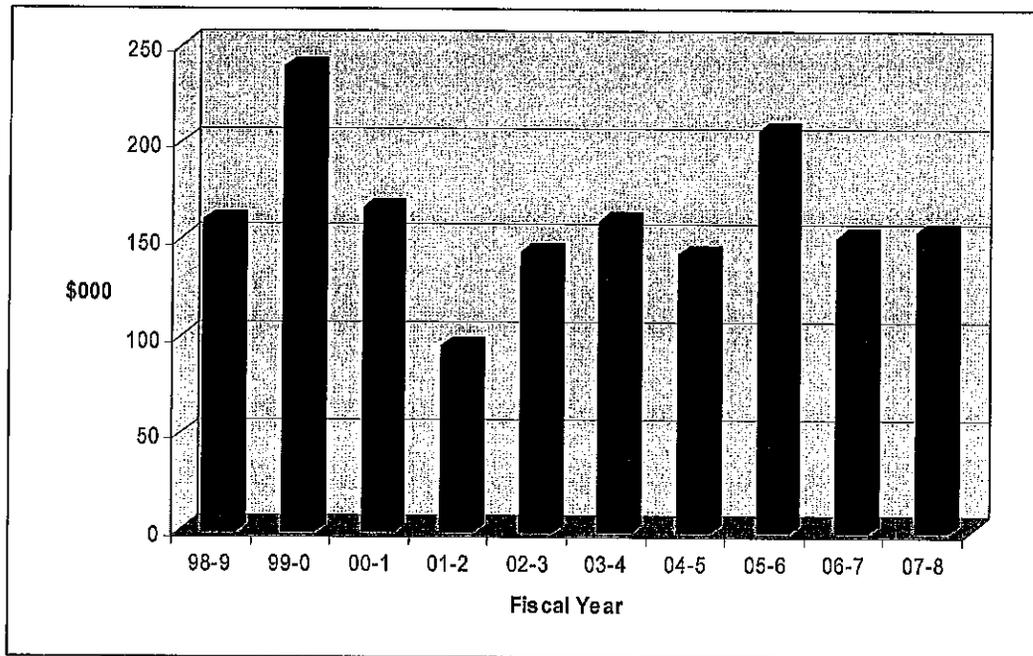
### Five-year History of Rate of Return on Invested Cash



### General Fund Idle Cash: 2006-07 and 2007-08



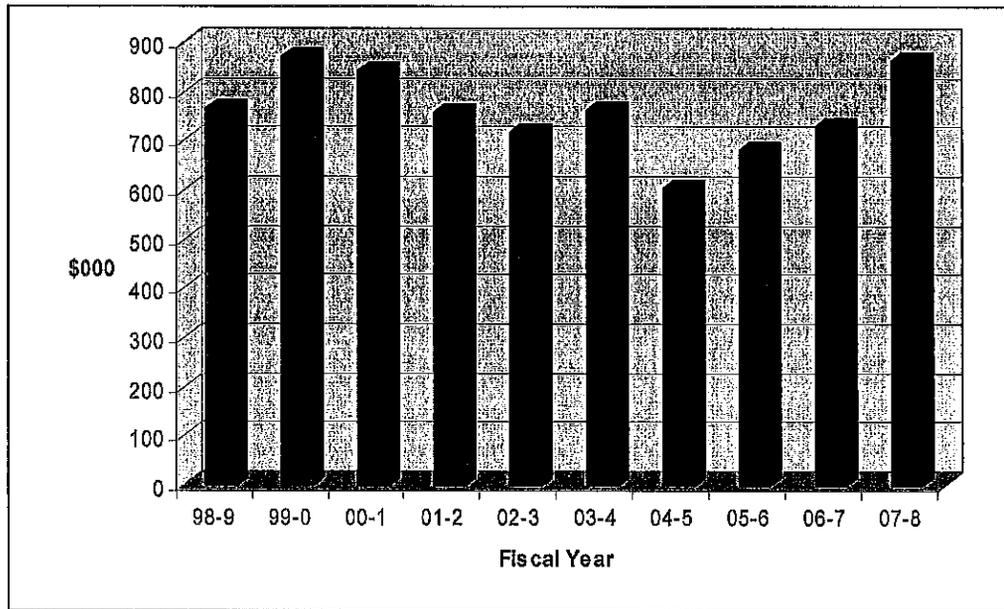
- Property Transfer Taxes** remained relatively flat, with \$151,156 received in 2006-07 and \$153,762 received in 2007-08, a 1.7% increase. These taxes exceeded the budgeted level in 2007-08 by about \$24,000, or 18.3%. This tax is assessed at the time that property is sold and is based upon the sales price of the real property. Receipt patterns are subject to the forces and whims of the real estate market. The following chart demonstrates the ups and downs of this revenue source for the last ten years.



Revenues have ranged from a low of about \$95,000 in 2001-02 to a high of just over \$239,000 in 1999-00. This is a source that is sensitive to the condition of the economy and which can fluctuate widely depending upon which properties in Town are bought and sold. The Town receives 65¢ for every \$1,000 of sales price valuation, or \$650 per \$1,000,000. This means that about \$237 million of property traded hands in 2007-08, while \$232 million did so in 2006-07. Given Woodside's real estate market, it can take only the sale of a few additional properties to dramatically impact the performance of this revenue source.

- Fees and Permits** grew by \$132,842 in 2007-08, an 18.2% increase. Revenues from this source exceeded the budgeted level in 2007-08 by over \$143,000, or 19.9%. As with Property Transfer Taxes, this source of funds is very sensitive to economic conditions and fluctuates from year-to-year in a fairly unpredictable manner. The following chart provides receipt history for the last ten years and demonstrates the ever-shifting pattern for this source, which is primarily comprised of fees for development-related activities.

### Revenue from Fees and Permits



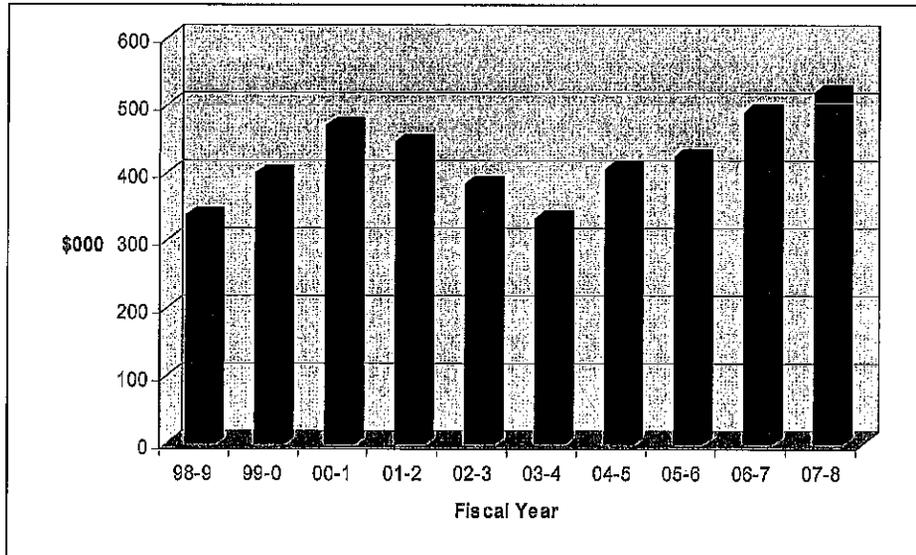
Fees and permit revenues are impacted by two factors: (1) the level of development activity and (2) the type of development activity. These factors must be considered together. For example, the level of activity may be very high, with several hundred permit applications submitted. If all of these applications are for new roofs or water heater replacements, revenues will not be very robust, as the value of such work is not very high. On the other hand, a couple dozen applications for new residences or for major additions to existing residences could cause revenues to skyrocket, as such projects are usually of very high value and permit fees are based upon valuation, as a rule. Thus, the level and nature of development activity tend to be cyclical and notable variations between years are common.

- Sales Tax** revenues experienced a 5.9%, or \$22,767, increase from the prior year's level and exceeded 2007-08 budget levels by 10.4%, or about \$38,000. Since 2004-05, it has been necessary when analyzing the performance of this revenue source to take into account the impact of the State's "Triple Flip" formula. In 2004, the State received voter approval to issue \$15 billion in deficit reduction bonds. Included in the bond measure was a mechanism for securing a dedicated revenue stream to pay off the bonds over time. A dedicated revenue stream is preferable to those who buy such bonds and can reduce the cost of the issuance. The State's dedicated revenue stream was derived from the "Triple Flip" that was instituted during 2004-05. The Triple Flip has three prongs. First, the State diverts  $\frac{1}{4}\%$  of local sales tax (which equals twenty-five percent of local sales taxes) to pay for the debt service on the bonds. Next, the State diverts an equal amount from school district property taxes to local governments to make them whole. Finally, an equal amount of State general fund monies is redirected to the schools to likewise make them whole.

The impact of the Triple Flip in 2007-08 was the shift of \$129,994 in Town sales tax receipts to the State. This means, in effect, that the Town's actual sales tax receipts for the year were \$537,015. In 2006-07, the State diverted \$123,550 from the Town, which means that actual sales taxes that year were \$507,804. The increase is attributable to two factors, the first of which is normal economic

growth in the area. The second is the receipt in 2007-08 of a full year's sales taxes from a company that relocated to the Town during 2006-07.

The following chart illustrates the Town's sales tax receipts for the last ten years, "normalized" to include the portion of sales taxes shifted to the State.



Current Services

Revenues for Current Services increased in 2007-08 from the 2006-07 level by about \$24,000, or 5%. This is the result of several offsetting factors: (1) because the Town undertook environmental review for two significant development projects during 2007-08, about \$56,000 more in resident deposit fees was recognized during 2007-08 than had been recognized in the previous year; (2) the Recreation Committee's Barn Dance, which is held every other year in October, was held in October of 2007 and brought in about \$16,000 in ticket sales for 2007-08; and (3) the Town received extraordinary miscellaneous revenues of about \$50,000 in 2006-07 from the sale of the Town's 50<sup>th</sup> Anniversary history book and from the receipt of attorneys fees in one major litigation case. The net of these three items accounts for the two-year difference.

The 2007-08 revenues of \$500,839 exceeded budgetary expectations by about \$98,000, or 24.3%. This reflects two previously discussed items: (1) the aforementioned Barn Dance ticket sales of about \$16,000 were not included in the budget for the Recreation Committee and (2) total resident deposit fees of over \$240,000 were received in 2007-08, as compared with a budget of \$154,000, a variance largely attributable to the environmental reviews discussed in the previous paragraph. Current services revenues can vary widely from year-to-year, depending largely upon unusual or unpredictable influences and activities that impact the Town.

Other Agencies

The Town receives revenues from other governmental agencies, primarily the State of California. In 2007-08, the Town received \$585,740 from this source. This was about \$50,000 more than it received in 2006-07 and about \$38,000 more than was

included in the 2007-08 budget. These variances are attributable almost entirely to one State revenue: the Triple Flip reimbursement. As was discussed in the section on Sales Taxes, the State of California has been shifting 25% of local sales tax revenues to its own coffers since 2004-05 to provide a revenue stream for retiring deficit reduction bonds approved by the voters in 2004. The State is supposed to make local agencies whole by shifting an equal amount from its General Fund back to the local agencies. The State bases its Triple Flip payments on its own annual estimates of local sales taxes. Unfortunately, these estimates vary from the actual receipts and the State is constantly attempting to address the difference between what it takes and what it gives back. The following chart summarizes the net position for the Town of Woodside after four fiscal years of dealing with the Triple Flip.

### Triple Flip - Net Position

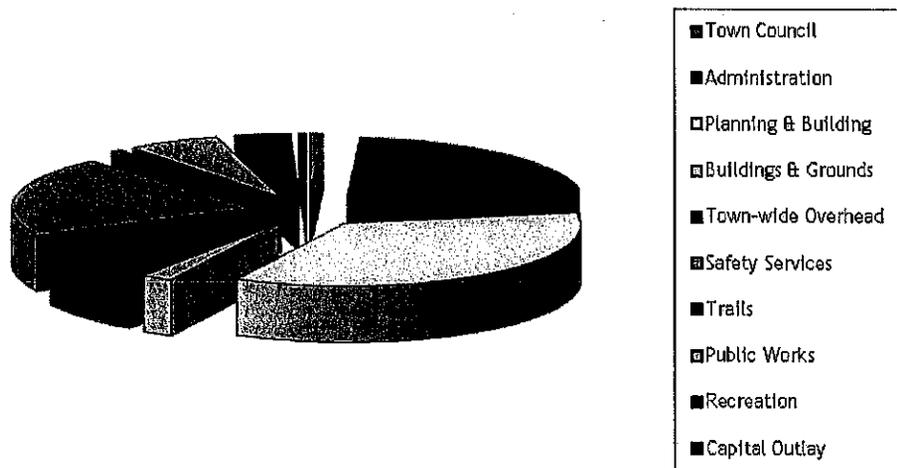
Fiscal Year	To State	From State	Difference
2004-05	\$ 82,775	\$ 74,609	\$ (8,166)
2005-06	104,388	112,630	\$ 8,242
2006-07	123,550	105,370	\$ (18,180)
2007-08	129,994	145,736	\$ 15,742
<b>Total</b>	<b>\$ 440,707</b>	<b>\$ 438,345</b>	<b>\$ (2,362)</b>

As the table illustrates, the State attempts to make the Town whole in the fiscal year following an underpayment. After four years, the Town is in a net deficit position, with \$2,362 still due from the State. This process makes estimating revenue from the Triple Flip in any given year very difficult and leads to the variances discussed above.

In summary, General Fund revenues performed well during 2007-08, with nine of its ten categories of revenue exceeding budgeted levels.

General Fund expenditures totaled \$4,987,187 in 2007-08, a decrease of 21.2%, or \$1.3 million, from 2006-07, and about \$318,000, or 6%, below the 2007-08 budgeted level.

The following chart provides an illustration of how the total expenditures for 2007-08 were categorized by department or program.



The following charts depict the differences between 2007-08 and 2006-07 and the budget versus actual for 2007-08.

### Two-year Comparison of General Fund Expenditures

	2007-08	2006-07	Inc. (Dec.) \$	Inc. (Dec.) %
Town Council	\$ 45,730	\$ 18,684	\$ 27,046	144.8%
Administration & Finance	1,047,868	923,625	124,243	13.5%
Planning & Building Regulation	1,768,035	1,420,395	347,640	24.5%
Buildings & Grounds	104,600	117,178	(12,578)	-10.7%
Town-wide Overhead	406,628	366,194	40,434	11.0%
Safety Services	1,036,578	968,590	67,988	7.0%
Trails & Stables	43,667	96,808	(53,141)	-54.9%
Public Works	318,231	364,244	(46,013)	-12.6%
Recreation & Open Space	188,236	85,289	102,947	120.7%
Capital Outlay	27,614	56,281	(28,667)	-50.9%
Debt Service	-	1,915,332	(1,915,332)	-100.0%
<b>Total Expenditures</b>	<b>\$ 4,987,187</b>	<b>\$ 6,332,620</b>	<b>\$ (1,345,433)</b>	<b>-21.2%</b>

### 2007-08 General Fund Expenditures: Budget vs. Actual

	2007-08 Budget	2007-08 Actual	Over/(Under) \$	Over/(Under) %
Town Council	\$ 42,850	\$ 45,730	\$ 2,880	6.7%
Administration & Finance	1,111,512	1,047,868	(63,644)	-5.7%
Planning & Building Regulation	1,854,800	1,768,035	(86,765)	-4.7%
Buildings & Grounds	140,428	104,600	(35,828)	-25.5%
Town-wide Overhead	337,310	406,628	69,318	20.6%
Safety Services	1,041,121	1,036,578	(4,543)	-0.4%
Trails & Stables	24,649	43,667	19,018	77.2%
Public Works	333,133	318,231	(14,902)	-4.5%
Recreation & Open Space	192,550	188,236	(4,314)	-2.2%
Capital Outlay	226,491	27,614	(198,877)	-87.8%
<b>Total Expenditures</b>	<b>\$ 5,304,844</b>	<b>\$ 4,987,187</b>	<b>\$ (317,657)</b>	<b>-6.0%</b>

The Town Council Department expended about \$27,000 more in 2007-08 than it did during 2006-07. This is the result of several factors: (1) Municipal Elections are held in the odd numbered years and one was held in November of 2007, at a cost of \$13,000; (2) the Town's Environment Fest is held every other fiscal year and occurred in April of 2007, at a cost of about \$6,000; the Town hosted a Council of Cities dinner in 2007-08, at a cost of about \$4,000; and the Town joined Sustainable Silicon Valley during 2007-08, with annual membership dues of \$1,000. None of these costs were incurred during 2006-07. Additionally, the cost of other annual membership dues and regular events, including the Volunteer Reception, went up during 2007-08, reflecting a usual adjustment pattern. These higher costs accounts for the department's budget being exceeded by about \$2,900 for the 2007-08 fiscal year.

Expenditures for the Administration and Finance program area increased by \$124,243 from 2006-07. This 13.5% increase is primarily attributable to two things: (1) the Town hired an Assistant to the Town Manager in February of 2008 and the \$68,000 partial year cost of this position accounts for a portion of the fiscal year 2008 increase and (2) the Town spent about \$60,000 during 2007-08 on the recruitment processes for the new Town Engineer and Assistant to the Town Manager. The department underexpended its 2007-08 budget by about \$64,000. The previously referenced Assistant to the Town Manager position was funded for eight months during 2007-08, but was only filled for five months of the fiscal year, accruing budget savings for the department of about \$40,000. Additionally, the Town spent only \$5,000 of its litigation budget, which accounts for the remaining budget savings.

Planning and Building Regulation program costs increased by \$347,640, or 24.5%. There are three primary reasons for this increase. First, effective July 1, 2007, the cost of the Development Services Engineer was moved from the Public Works Department to this department, transferring about \$184,000 in salary and benefit costs. Second, the department experienced a full year's cost of the Community Preservation Officer, added in February of 2007, and requiring an incremental expenditure of about \$40,000 in 2007-08. Finally, the department utilized the services of a contract planner and part-time contract plan checker and building inspector during all of the 2007-08 fiscal year, adding about \$120,000 in costs for the year above the 2006-07 level. The department underexpended its 2007-08 budget by about \$87,000. This reflects the accrual of salary savings from the vacant Associate Planner position. The position was filled in July of 2008.

Expenditures for the Buildings and Grounds Department decreased by \$12,578, or 10.7%, during 2007-08. This reflects the fact that several major projects, either planned or of an emergency nature, were undertaken during 2006-07, and not repeated in 2007-08. Included was the refinishing of the floors in Independence Hall, the removal of a major bee colony from the Independence Hall attic, and the repair of a water line break. Additionally, the department underexpended its 2007-08 budget by \$35,828. This again reflects that no major projects were necessary during the fiscal year. It also reflects the fact that the \$25,000 included to support a feasibility study to determine whether the Town could undertake a water recycling project on Town property was not expended. Town staff was utilized for this purpose and the allocation of funds for consultants was not needed.

Town-wide Overhead increased by \$40,434, or 11%, from the 2006-07 level. This cost increase is primarily attributable to the costs of the Barkley Fields and Park Opening Day Celebration, held on October 14, 2007. The Town expended over \$40,000 on this town-wide party. This departmental budget was overexpended by about \$69,000, or 20.6%, during 2007-08. The Town took on an aggressive records management project during the fiscal year, scanning thousands of documents for access through the Town's Laserfiche system. This endeavor resulted in expenditures in excess of the budget of about \$40,000 by year's end. Additionally, the Town experienced higher unemployment insurance claims costs during 2007-08 and this accounted for about \$7,300 of the total overrun. Finally, the increased costs of certain daily expenses, such as postage, account for the remaining budget variance.

Safety Services increased by \$67,988, or 7%. This difference is totally attributable to the increased cost of the Town's Agreement for Police Services with the County of San Mateo, as specified in that agreement. The 2007-08 expenditures were within 1% of the budgeted level.

Expenditures for Trails and Stables decreased by \$53,141 or 54.9%, during 2007-08. This reflects the higher than usual level of trails maintenance and construction activity that occurred during 2006-07, including the renovation of the Crystal Springs Trail and the

construction of the Manuella Trail. These special trails projects were largely supported by donations from members of the equestrian community. The 2007-08 budget was overexpended by about \$19,000, or 77.2%, attributable to the purchase of materials to line existing trails with rock and to repair water bars. This overexpenditure was offset by an underexpenditure in capital outlays for this program, the budget and actual figures for which are included in the "Capital Outlay" totals in the second chart on the preceding page.

The Public Works program area experienced a decrease in expenditures of just over \$46,000, or 12.6% in 2007-08. As was noted in the discussion of the Planning and Building Regulation Department, the costs associated with the Development Services Engineer were transferred from Public Works to Planning and Building Regulation, effective July 1, 2007. Given the this transfer, it should be expected that the Public Works Department's 2007-08 costs would actually be close to \$184,000 less than in 2006-07, rather than the \$46,000 reported. However, two long-time Town employees from the department left the Town's employ early in 2008. Each had accrued a significant balance of personal and administrative leave, which was payable to the employees upon their separation. This payout amounted to about \$100,000. A second factor that impacted the department's 2007-08 expenditure level was the overlap in tenure of the new Town Engineer and the retiring Town Engineer. Because of medical issues and the need to provide some needed overlap for orientation purposes, the Town had both individuals in its employ for about three months, with an incremental cost of about \$35,000. These two items account for the difference in expenditure savings of about \$138,000. The department's expenditure level for 2007-08 was about 4.5% under budget, reflecting the delay in hiring a consultant to undertake a review of the Town's on-site septic system regulations.

Finally, the Recreation and Open Space program area required almost \$103,000 more in 2007-08 than it did in 2006-07. Barkley Fields and Park opened to the public in October of 2007 and the Town spent about \$80,000 on operating and maintenance costs during the park's first partial year of operation. The remainder of the difference reflects the costs of the Recreation Committee's Barn Dance, which is held every other October, at a cost of about \$20,000. It was held in October of 2007, but not 2006.

As the results of operation for 2007-08 demonstrate, the Town's General Fund is well positioned to cushion future operations from the effects of unforeseen circumstances and activities.

▫ **Measure A Fund**

The Measure A Fund is a special revenue fund that accounts for the Town's share of the proceeds of a county-wide half cent sales tax for transportation-related projects, such as road repair and maintenance. During 2007-08, the fund experienced an increase in fund balance of just over \$142,000.

<b>2007-08 Measure A Fund Performance</b>	
Revenues	\$ 278,895
Expenditures	566,312
<b>Excess of Expenditures</b>	<b>\$ (287,417)</b>
Other Financing Sources (Uses)	
Transfers In	500,000
Transfers Out	(70,000)
<b>Net Other sources</b>	<b>\$ 430,000</b>
Increase to Fund Balance	142,583
Beginning Fund Balance	664,623
<b>Ending Fund Balance</b>	<b>\$ 807,206</b>

The Measure A Fund supports the Town's annual Road Program. A \$500,000 contribution is made every year from the General Fund to the Measure A Fund to supplement the funds available for road rehabilitation work. The level of expenditures from this fund varies from year-to-year, depending upon the prioritization of road projects and the results of the public bidding process on these projects.

▫ **Library Operations Fund**

The Library Operations Fund is a special revenue fund that is used to account for the Town's maintenance and operation of the Woodside Branch Library. During 2007-08, the Library Operations Fund experienced an increase in fund balances of \$287,253, which is highlighted in the following chart.

<b>2007-08 Library Fund Performance</b>	
Revenues	\$ 359,999
Expenditures	64,207
<b>Excess of Expenditures</b>	<b>\$ 295,792</b>
Other Financing Sources (Uses)	
Transfers In	-
Transfers Out	(8,539)
<b>Net Other sources</b>	<b>\$ (8,539)</b>
Increase to Fund Balance	287,253
Beginning Fund Balance	1,053,018
<b>Ending Fund Balance</b>	<b>\$ 1,340,271</b>

The Library Fund supports the Town's share of the operation and maintenance of the library facility. The Town is a party to a Joint Powers Agreement (JPA) between many of the cities within San Mateo County and the County itself. The County provides the actual direct library services and pays for them from property taxes raised specifically for library purposes

within each jurisdiction that hosts a County branch library. The “hosting” jurisdiction owns the building and grounds that support the library function and pays for day-to-day and long-term upkeep and improvement. Pursuant to the terms of the JPA, if more property taxes are raised within a jurisdiction than are needed to provide the direct library services, then the County is to remit the balance of the property taxes to the host jurisdiction, which can use the funds only for library purposes. Unless a major improvement project is undertaken, the Town generally pays about \$65,000 for routine maintenance. During 2007-08, no major projects were undertaken and the Town received about \$360,000 in property taxes and interest income for the Library Fund. The Town is planning several improvement projects for the library within the next year and the fund’s healthy cash balances will be utilized to support these undertakings.

▫ **Barkley Park Construction Fund**

The Barkley Fields and Park Construction Fund is a capital fund that accounts for the costs of the development and construction of the Town’s first park and playfields complex. The park is being built on a roughly six-acre parcel donated to the Town for this purpose by a Woodside family. Over \$2.2 million in private donations were raised to support the park’s development and the Town is contributing an additional \$1.1 million to the project. The park opened to the public in mid-October of 2007. The following summarizes the activity within the fund for 2007-08.

Revenues	\$ 662,304
Expenditures	1,536,960
<b>Excess of Expenditures</b>	<b>\$ (874,656)</b>
Other Financing Sources (Uses)	
Transfers In	859,000
Transfers Out	-
<b>Net Other sources</b>	<b>\$ 859,000</b>
Increase to Fund Balance	(15,656)
Beginning Fund Balance	404,886
<b>Ending Fund Balance</b>	<b>\$ 389,230</b>

The fund balance available at June 30, 2008, will be utilized to pay off outstanding contractor retention payments, due late in September of 2008. The fund will then be closed out, reflecting completion of the project.

▫ **Other Governmental Funds**

Included in this category are the Road Impact Fee, Gas Tax, Traffic Safety, Supplemental Law Enforcement Services, and California Law Enforcement Equipment Program Funds. Taken as a whole, the following chart reflects the performance of these funds during 2007-08.

**2007-08 Performance  
of Other Governmental Funds**

Revenues	\$ 700,078
Expenditures	804,567
<b>Excess of Expenditures</b>	<b>\$ (104,489)</b>
Other Financing Sources (Uses)	
Transfers In	-
Transfers Out	(70,000)
<b>Net Other Uses</b>	<b>\$ (70,000)</b>
Decrease to Fund Balance	(174,489)
Beginning Fund Balance	666,265
<b>Ending Fund Balance</b>	<b>\$ 491,776</b>

These funds were previously detailed in the foregoing discussion of governmental activities. The net reduction of \$174,489 in fund balances is attributable as follows:

Fund	Net Change
Traffic Safety	\$ 9,193
Road Impact Fee	(106,343)
Gas Tax	(39,313)
Supplemental Law Enforcement	(427)
Law Enforcement Equipment	(37,599)
<b>Total</b>	<b>\$ (174,489)</b>

As the chart depicts, the three most significant fund balance reductions were in the Road Impact Fee, Gas Tax, and California Law Enforcement Equipment Program (CLEEP) Funds. As was discussed earlier in this MD&A, the decrease in the Road Impact Fee fund reflects the expenditure of a part of the available fund balances on major road rehabilitation projects during the year, the decrease in the Gas Tax fund reflects the State's withholding of six months' gas tax revenues from local governments to temporarily provide the State with cash flow relief, and the decrease in the CLEEP fund reflects the Town planned elimination of this fund through the expenditure of the remaining grant funds on law enforcement-related equipment items.

## Performance of Enterprise Funds

The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and service to the general public are financed or recovered primarily through user charges. The Town's enterprise operations consist entirely of public sewer service operations. The four funds that are included are the Cañada Corridor Sewer, Sewer Revolving, Sewer Utility, and Town Center Pump Sewer Funds. The performance of the Enterprise Funds has been previously discussed in this MD&A, with the overview of "Business-type Activities."

## Budgeting

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all other Major Funds. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. Budgets are prepared on the modified accrual basis of accounting, consistent with generally accepted accounting practices (GAAP). Operating appropriations lapse at year-end. The Town Council generally reauthorizes appropriations for continuing projects and activities. Project-length financial plans are adopted for capital projects. The Town Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is at the fund level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated between departments within the same fund without Town Council approval.

The General Fund final budget differs from the original budget by \$1,210,500 and the Barkley Park Construction Fund budget differs from the original budget by \$1,925,000. The components of these changes include:

Fund	Description	Amount
Barkley	Augment Construction Budget	\$1,925,000
General	Provide for Executive Search Services, Contract Planner, Town Attorney Fee Increase, Outside Plan Check and Building Inspection Services, Election Costs, Website and Document Scanning/Retention, Outside Legal Counsel	442,500
General	Recreation Program Programs and Activities	24,000
General	Environmental Documents for Private Development Applications	60,000
General	Contribution to Barkley Fields and Park Construction Project	684,000
	Total	\$3,135,500

All of these adjustments were approved through a resolution of the Town Council.

## Capital Assets

As of June 30, 2008, the Town had \$17.2 million, net of depreciation, invested in capital assets, as outlined in the following chart.

**Two-year Comparison of Capital Assets, Net of Depreciation, at June 30<sup>th</sup>**

	Governmental Activities 2007-08	Governmental Activities 2006-07	Business-type Activities 2007-08	Business-type Activities 2006-07	Total 2007-08	Total 2006-07
Land	\$ 9,468,373	\$ 9,468,373	\$ -	\$ -	\$ 9,468,373	\$ 9,468,373
Construction-in-progress	-	2,433,131	-	-	-	2,433,131
Buildings & Improvements	6,252,245	2,113,346	-	-	6,252,245	2,113,346
Machinery & Equipment	279,664	237,187	5,837	7,782	285,501	244,969
Pumps & Collection Systems	-	-	1,164,994	1,255,880	1,164,994	1,255,880
<b>Total Expenditures</b>	<b>\$ 16,000,282</b>	<b>\$ 14,252,037</b>	<b>\$ 1,170,831</b>	<b>\$ 1,263,662</b>	<b>\$ 17,171,113</b>	<b>\$ 15,515,699</b>

The decrease in Construction-in-progress and the increase in Buildings and Improvements reflect the completion of Barkley Fields and Park in 2007-08. The Town's Capital Assets are discussed in Note 5 to the Basic Financial Statements.

## Conclusion

*Management's Discussion and Analysis* is designed to provide the Town's residents, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions about this document or requests for additional information may be directed to the Town Manager, as follows:

Susan George, Town Manager  
P.O. Box 620005, Woodside, CA 94062  
(650) 851-6790  
[sgeorge@woodsidetown.org](mailto:sgeorge@woodsidetown.org)

This Page Left Intentionally Blank

**TOWN OF WOODSIDE**

**STATEMENT OF NET ASSETS  
AND STATEMENT OF ACTIVITIES**

The purpose of the Statement of Net Assets and the Statement of Activities is to summarize the entire Town's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Town's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the Town's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Town funds have been eliminated.

The Statement of Net Assets reports the difference between the Town's total assets and the Town's total liabilities, including all the Town's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the Town's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all of the Town's Governmental Activities in a single column, and the financial position of all of the Town's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire Town.

The Town's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, and Capital Projects Funds.

The Town's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the Town's net assets. It is also prepared on the full accrual basis, which means it includes all the Town's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the Town's expense first, listed by program, and is followed by the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The Town's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

TOWN OF WOODSIDE  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments (Note 3)	\$7,549,854	\$821,026	\$8,370,880
Accounts and other receivables	470,989	10,234	481,223
Loans receivable (Note 4)		61,292	61,292
Capital assets (Note 5)			
Nondepreciable	9,468,373		9,468,373
Depreciable, net of accumulated depreciation	6,531,909	1,170,831	7,702,740
Total Assets	<u>24,021,125</u>	<u>2,063,383</u>	<u>26,084,508</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	161,034	1,954	162,988
Compensated absences (Note 2G)	318,350		318,350
Retention payable	1,820,949	61,292	1,882,241
Total Liabilities	<u>2,300,333</u>	<u>63,246</u>	<u>2,363,579</u>
<b>NET ASSETS (Note 8)</b>			
Invested in capital assets	16,000,282	1,170,831	17,171,113
Restricted for:			
Capital projects	389,230		389,230
Special revenue programs	2,639,253		2,639,253
Total Restricted Net Assets	<u>3,028,483</u>		<u>3,028,483</u>
Unrestricted	2,692,027	829,306	3,521,333
Total Net Assets	<u>\$21,720,792</u>	<u>\$2,000,137</u>	<u>\$23,720,929</u>

See accompanying notes to financial statements

TOWN OF WOODSIDE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>						
Town council	\$45,730			(\$45,730)		(\$45,730)
Administration and finance	1,041,295	\$46,903		(994,392)		(994,392)
Planning and building regulation	1,746,487	919,233		(827,254)		(827,254)
Building and grounds	160,605	8,800		(151,805)		(151,805)
Town-wide overhead	425,371			(425,371)		(425,371)
Safety services	1,145,950	387	\$117,725	(1,027,838)		(1,027,838)
Trails and stables	43,667	29,750		(13,917)		(13,917)
Library services	64,207		315,000	250,793		250,793
Public works	1,499,846	42,812	806,581	(650,453)		(650,453)
Recreation and open space	314,464	107,851		(206,613)		(206,613)
<b>Total Governmental Activities</b>	<b>6,487,622</b>	<b>1,155,736</b>	<b>1,239,306</b>	<b>(4,092,580)</b>		<b>(4,092,580)</b>
<b>Business-type Activities:</b>						
Sewer revolving	23,370	25,231			\$1,861	1,861
Sewer utility	133,932	162,939			29,007	29,007
Town center pump sewer	74,874				(74,874)	(74,874)
Cañada Corridor sewer	23,517	9,295			(14,222)	(14,222)
<b>Total Business-type Activities</b>	<b>255,693</b>	<b>197,465</b>			<b>(58,228)</b>	<b>(58,228)</b>
<b>Total</b>	<b>\$6,743,315</b>	<b>\$1,353,201</b>	<b>\$1,239,306</b>	<b>(4,092,580)</b>	<b>(58,228)</b>	<b>(4,150,808)</b>
<b>General revenues:</b>						
Taxes						
Property taxes				2,423,454		2,423,454
Sales tax				390,070		390,070
Property transfer tax				153,762		153,762
Franchises				312,431		312,431
Business licenses				123,652		123,652
Fines and forfeiture				756		756
Interest				298,495	41,341	339,836
Other agencies				667,813		667,813
Other				842,717		842,717
Transfers (Note 6)				218,312	(218,312)	
<b>Total general revenues and transfers</b>				<b>5,431,462</b>	<b>(176,971)</b>	<b>5,254,491</b>
Change in Net Assets				1,338,882	(235,199)	1,103,683
Net Assets-Beginning				20,381,910	2,235,336	22,617,246
Net Assets-Ending				<b>\$21,720,792</b>	<b>\$2,000,137</b>	<b>\$23,720,929</b>

See accompanying notes to financial statements

This Page Left Intentionally Blank

## FUND FINANCIAL STATEMENTS

The Fund Financial Statements present only individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types.

## MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the Town in fiscal 2008. Individual non-major funds may be found in the Supplemental section.

### GENERAL FUND

Accounts for all general revenue and tax receipts and their allocation and expenditure.

### LIBRARY OPERATIONS SPECIAL REVENUE FUND

Used to account for expenses and reimbursements derived from the Town's membership in the San Mateo County Library System Joint Powers Agency.

### MEASURE A SPECIAL REVENUE FUND

Used to account for the Town's share of a one-half cent sales tax restricted for transportation purposes.

### BARKLEY PARK CONSTRUCTION CAPITAL PROJECTS FUND

Accounts for the cost of periodic rehabilitation of the soccer/baseball fields at Barkley Fields and Park and of other periodic major maintenance projects at the park.

TOWN OF WOODSIDE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2008

	General	Library Operations	Measure A Funds	Barkley Park Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments (Note 3)	\$4,545,973	\$1,333,114	\$787,114	\$389,230	\$494,423	\$7,549,854
Accounts and other receivables	429,048	8,127	25,924		7,890	470,989
Due from other funds (Note 6B)	27					27
<b>Total Assets</b>	<b>\$4,975,048</b>	<b>\$1,341,241</b>	<b>\$813,038</b>	<b>\$389,230</b>	<b>\$502,313</b>	<b>\$8,020,870</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$143,722	\$970	\$5,832		\$10,510	\$161,034
Due to other funds (Note 6B)					27	27
Retention Payable	1,469,908					1,469,908
<b>Total Liabilities</b>	<b>1,613,630</b>	<b>970</b>	<b>5,832</b>		<b>10,537</b>	<b>1,630,969</b>
<b>FUND BALANCES</b>						
Unreserved, undesignated reported in:						
General fund	3,361,418					3,361,418
Capital project funds				\$389,230		389,230
Special revenue funds		1,340,271	807,206		491,776	2,639,253
<b>Total Fund Balances</b>	<b>3,361,418</b>	<b>1,340,271</b>	<b>807,206</b>	<b>389,230</b>	<b>491,776</b>	<b>6,389,901</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,975,048</b>	<b>\$1,341,241</b>	<b>\$813,038</b>	<b>\$389,230</b>	<b>\$502,313</b>	

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.

16,000,282

**LONG TERM ASSETS AND LIABILITIES**

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

  Non-current portion of compensated absences  
  Retention payables adjustment

(318,350)  
(351,041)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

\$21,720,792

See accompanying notes to financial statements

TOWN OF WOODSIDE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2008

	General	Library Operations	Measure A Funds	Barkley Park Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$2,423,454					\$2,423,454
Sales tax	407,021					407,021
Property transfer tax	153,762					153,762
Franchises	312,431					312,431
Business licenses	123,652					123,652
Fees and permits	863,318				\$465,068	1,328,386
Fines and forfeiture	756				33,117	33,873
Interest	216,556	\$44,999	\$19,644		17,296	298,495
Other agencies	585,740	315,000	259,251	\$82,073	184,597	1,426,661
Current services	500,839					500,839
Other	19,387			580,231		599,618
<b>Total Revenues</b>	<b>5,606,916</b>	<b>359,999</b>	<b>278,895</b>	<b>662,304</b>	<b>700,078</b>	<b>7,608,192</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Town council	45,730					45,730
Administration and finance	1,047,868					1,047,868
Planning and building regulation	1,768,036					1,768,036
Building and grounds	104,600					104,600
Town-wide overhead	406,628					406,628
Safety services	1,036,578				100,500	1,137,078
Trails and stables	43,667					43,667
Library services		64,207				64,207
Public works	318,230		566,312		613,720	1,498,262
Recreation and open space	188,236			126,228		314,464
Capital outlay	27,614			1,410,732	90,347	1,528,693
<b>Total Expenditures</b>	<b>4,987,187</b>	<b>64,207</b>	<b>566,312</b>	<b>1,536,960</b>	<b>804,567</b>	<b>7,959,233</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>619,729</b>	<b>295,792</b>	<b>(287,417)</b>	<b>(874,656)</b>	<b>(104,489)</b>	<b>(351,041)</b>
<b>OTHER FINANCING SOURCES (Uses)</b>						
Transfers in (Note 6)	191,851		500,000	859,000		1,550,851
Transfers (out) (Note 6)	(1,184,000)	(8,539)	(70,000)		(70,000)	(1,332,539)
<b>Total Other Financing Sources (Uses)</b>	<b>(992,149)</b>	<b>(8,539)</b>	<b>430,000</b>	<b>859,000</b>	<b>(70,000)</b>	<b>218,312</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(372,420)</b>	<b>287,253</b>	<b>142,583</b>	<b>(15,656)</b>	<b>(174,489)</b>	<b>(132,729)</b>
<b>BEGINNING FUND BALANCES</b>	<b>3,733,838</b>	<b>1,053,018</b>	<b>664,623</b>	<b>404,886</b>	<b>666,265</b>	<b>6,522,630</b>
<b>ENDING FUND BALANCES</b>	<b>\$3,361,418</b>	<b>\$1,340,271</b>	<b>\$807,206</b>	<b>\$389,230</b>	<b>\$491,776</b>	<b>\$6,389,901</b>

See accompanying notes to financial statements

TOWN OF WOODSIDE  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the Change in  
 GOVERNMENTAL NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2008

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$132,729)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance. 1,525,229

Depreciation expense is deducted from fund balance (128,025)

ACCRUAL OF NON-CURRENT ITEMS

The amount below included in the Statement of Activities does not (require) the use of current financial resources and therefore is not reported as expenditures in governmental funds (net change):

Compensated absences 74,407

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$1,338,882

See accompanying notes to financial statements

TOWN OF WOODSIDE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$2,339,159	\$2,339,159	\$2,423,454	\$84,295
Sales tax	368,678	368,678	407,021	38,343
Property transfer tax	130,000	130,000	153,762	23,762
Franchises	305,100	305,100	312,431	7,331
Business licenses	136,000	136,000	123,652	(12,348)
Fees and permits	720,000	720,000	863,318	143,318
Fines and forfeiture	2,000	2,000	756	(1,244)
Interest	151,000	151,000	216,556	65,556
Other agencies	547,537	547,537	585,740	38,203
Current services	402,884	402,884	500,839	97,955
Other	16,000	16,000	19,387	3,387
<b>Total Revenues</b>	<b>5,118,358</b>	<b>5,118,358</b>	<b>5,606,916</b>	<b>488,558</b>
<b>EXPENDITURES:</b>				
Current:				
Town council	30,350	42,850	45,730	(2,880)
Administration and finance	975,512	1,111,512	1,047,868	63,644
Planning and building regulation	1,661,800	1,854,800	1,768,036	86,764
Building and grounds	138,428	140,428	104,600	35,828
Town-wide overhead	329,310	337,310	406,628	(69,318)
Safety services	1,034,621	1,041,121	1,036,578	4,543
Trails and stables	24,649	24,649	43,667	(19,018)
Public works	188,633	333,133	318,230	14,903
Recreation and open space	168,550	192,550	188,236	4,314
Capital outlay	226,491	226,491	27,614	198,877
<b>Total Expenditures</b>	<b>4,778,344</b>	<b>5,304,844</b>	<b>4,987,187</b>	<b>317,657</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>340,014</b>	<b>(186,486)</b>	<b>619,729</b>	<b>806,215</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 6)	317,909	317,909	191,851	(126,058)
Transfers (out) (Note 6)	(663,558)	(1,347,558)	(1,184,000)	163,558
<b>Total Other Financing Sources (Uses)</b>	<b>(345,649)</b>	<b>(1,029,649)</b>	<b>(992,149)</b>	<b>37,500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$5,635)</b>	<b>(\$1,216,135)</b>	<b>(372,420)</b>	<b>\$843,715</b>
<b>BEGINNING FUND BALANCE</b>			<b>3,733,838</b>	
<b>ENDING FUND BALANCE</b>			<b>\$3,361,418</b>	

See accompanying notes to financial statements

TOWN OF WOODSIDE  
LIBRARY OPERATIONS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$5,000	\$5,000	\$44,999	\$39,999
Other agencies	55,000	55,000	315,000	260,000
Total Revenues	60,000	60,000	359,999	299,999
EXPENDITURES:				
Current:				
Library services	61,028	61,028	64,207	(3,179)
Capital outlay	60,000	60,000		60,000
Total Expenditures	121,028	121,028	64,207	56,821
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(61,028)	(61,028)	295,792	356,820
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 6)	(8,539)	(8,539)	(8,539)	
Total Other Financing Sources (Uses)	(8,539)	(8,539)	(8,539)	
NET CHANGE IN FUND BALANCE	<u>(\$69,567)</u>	<u>(\$69,567)</u>	287,253	<u>\$356,820</u>
BEGINNING FUND BALANCE			1,053,018	
ENDING FUND BALANCE			<u>\$1,340,271</u>	

See accompanying notes to financial statements

TOWN OF WOODSIDE  
 MEASURE A SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest	\$7,300	\$7,300	\$19,644	\$12,344
Other agencies	240,000	240,000	259,251	19,251
Total Revenues	<u>247,300</u>	<u>247,300</u>	<u>278,895</u>	<u>31,595</u>
EXPENDITURES:				
Current:				
Public works	917,824	917,824	566,312	351,512
Total Expenditures	<u>917,824</u>	<u>917,824</u>	<u>566,312</u>	<u>351,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(670,524)</u>	<u>(670,524)</u>	<u>(287,417)</u>	<u>383,107</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 6)	500,000	500,000	500,000	
Transfers (out) (Note 6)	(70,000)	(70,000)	(70,000)	
Total Other Financing Sources (Uses)	<u>430,000</u>	<u>430,000</u>	<u>430,000</u>	
NET CHANGE IN FUND BALANCE	<u>(\$240,524)</u>	<u>(\$240,524)</u>	142,583	<u>\$383,107</u>
BEGINNING FUND BALANCE			<u>664,623</u>	
ENDING FUND BALANCE			<u>\$807,206</u>	

See accompanying notes to financial statements

This Page Left Intentionally Blank

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

## MAJOR PROPRIETARY FUNDS

Proprietary funds account for Town operations financed and operated in a manner similar to a private business enterprise. The intent of the Town is that the cost of providing goods and services be financed primarily through user charges.

The Town has identified all of its Enterprise Funds as major proprietary funds in fiscal 2008.

### SEWER REVOLVING FUND

Used to account for revenues received from sewer connections to the Redwood Creek Sewer assessment District, to be allocated to sewer system improvements and rehabilitation

### SEWER UTILITY

Used to account for the operating costs and user fees associated with the Town Center Sewer District. Fund 529 is a related reserve fund, used to accumulate revenues in support of prior year sewer operating costs, to be paid when negotiations with other agencies are completed.

### TOWN CENTER PUMP SEWER

Used to account for the assets and liabilities of the Town Center Sewer District and to hold reserves for meeting all prior year liabilities to Redwood City and the County of San Mateo for the treatment, transportation, and capacity rental needs of the District.

### CAÑADA CORRIDOR SEWER

Used to account for the operating costs and user fees associated with the Cañada Corridor Sanitary Sewer Area.

TOWN OF WOODSIDE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2008

	Business-type Activities-Enterprise Funds				Totals
	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cañada Corridor Sewer	
ASSETS					
Current Assets:					
Cash and investments (Note 3)	\$74,026	\$235,365	\$484,559	\$27,076	\$821,026
Accounts and other receivables	529	6,022	3,491	192	10,234
Loans receivable (Note 4)	61,292				61,292
<b>Total Current Assets</b>	<b>135,847</b>	<b>241,387</b>	<b>488,050</b>	<b>27,268</b>	<b>892,552</b>
Noncurrent Assets:					
Capital assets (Note 5)					
Depreciable, net of accumulated depreciation		1,561	748,738	420,532	1,170,831
<b>Total Noncurrent Assets</b>		<b>1,561</b>	<b>748,738</b>	<b>420,532</b>	<b>1,170,831</b>
<b>Total Assets</b>	<b>135,847</b>	<b>242,948</b>	<b>1,236,788</b>	<b>447,800</b>	<b>2,063,383</b>
LIABILITIES					
Current Liabilities:					
Accounts payable				1,954	1,954
<b>Total Current Liabilities</b>				<b>1,954</b>	<b>1,954</b>
Noncurrent Liabilities:					
Retention Payable	61,292				61,292
<b>Total Noncurrent Liabilities</b>	<b>61,292</b>				<b>61,292</b>
<b>Total Liabilities</b>	<b>61,292</b>			<b>1,954</b>	<b>63,246</b>
NET ASSETS (Note 8)					
Invested in capital assets		1,561	748,738	420,532	1,170,831
Unrestricted, designated for:					
Sewer line attachments	74,555	241,387	488,050	25,314	829,306
<b>Total Net Assets</b>	<b>\$74,555</b>	<b>\$242,948</b>	<b>\$1,236,788</b>	<b>\$445,846</b>	<b>\$2,000,137</b>

See accompanying notes to financial statements

TOWN OF WOODSIDE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities-Enterprise Funds				Totals
	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cañada Corridor Sewer	
<b>OPERATING REVENUES</b>					
Charges for current services	\$25,231	\$162,939		\$9,295	\$197,465
Total Operating Revenues	25,231	162,939		9,295	197,465
<b>OPERATING EXPENSES</b>					
Salaries and related expenses	23,153	44,057			67,210
Outside services	217	606			823
Repairs and maintenance		88,747		6,082	94,829
Depreciation		522	74,874	17,435	92,831
Total Operating Expenses	23,370	133,932	74,874	23,517	255,693
Operating Income (Loss)	1,861	29,007	(74,874)	(14,222)	(58,228)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	3,126	16,577	20,620	1,018	41,341
Total Nonoperating Revenues (Expenses)	3,126	16,577	20,620	1,018	41,341
Income (Loss) Before Transfers	4,987	45,584	(54,254)	(13,204)	(16,887)
Transfers out (Note 6)	(8,941)	(195,907)	(12,060)	(1,404)	(218,312)
Net transfers	(8,941)	(195,907)	(12,060)	(1,404)	(218,312)
Change in net assets	(3,954)	(150,323)	(66,314)	(14,608)	(235,199)
BEGINNING NET ASSETS	78,509	393,271	1,303,102	460,454	2,235,336
ENDING NET ASSETS	\$74,555	\$242,948	\$1,236,788	\$445,846	\$2,000,137

See accompanying notes to financial statements

TOWN OF WOODSIDE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2008

Business-type Activities-Enterprise Funds

	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cañada Corridor Sewer	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$25,908	\$164,406	\$2,325	\$9,247	\$201,886
Payments to suppliers	(217)	(91,148)		(4,128)	(95,493)
Payments to employees	(23,153)	(44,057)			(67,210)
<b>Cash Flows from Operating Activities</b>	<b>2,538</b>	<b>29,201</b>	<b>2,325</b>	<b>5,119</b>	<b>39,183</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers (out)	(8,941)	(195,907)	(12,060)	(1,404)	(218,312)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>(8,941)</b>	<b>(195,907)</b>	<b>(12,060)</b>	<b>(1,404)</b>	<b>(218,312)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	3,126	16,577	20,620	1,018	41,341
<b>Cash Flows from Investing Activities</b>	<b>3,126</b>	<b>16,577</b>	<b>20,620</b>	<b>1,018</b>	<b>41,341</b>
<b>Net Cash Flows</b>	<b>(3,277)</b>	<b>(150,129)</b>	<b>10,885</b>	<b>4,733</b>	<b>(137,788)</b>
Cash and investments at beginning of period	77,303	385,494	473,674	22,343	958,814
Cash and investments at end of period	<u>\$74,026</u>	<u>\$235,365</u>	<u>\$484,559</u>	<u>\$27,076</u>	<u>\$821,026</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>					
Operating income (loss)	\$1,861	\$29,007	(\$74,874)	(\$14,222)	(\$58,228)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation and amortization		522	74,874	17,435	92,831
Change in assets and liabilities:					
Accounts receivable	677	1,467	2,325	(48)	4,421
Accounts payable and other liabilities		(1,795)		1,954	159
<b>Cash Flows from Operating Activities</b>	<u><b>\$2,538</b></u>	<u><b>\$29,201</b></u>	<u><b>\$2,325</b></u>	<u><b>\$5,119</b></u>	<u><b>\$39,183</b></u>

See accompanying notes to financial statements

<b>FIDUCIARY FUNDS</b>
------------------------

**FIDUCIARY FUNDS**

Agency funds are used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

TOWN OF WOODSIDE  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and investments available for operations (Note 3)	\$509,122
Interest receivable	<u>3,762</u>
Total Assets	<u><u>\$512,884</u></u>
LIABILITIES	
Accrued liabilities	\$284,136
Due to bondholders	<u>228,748</u>
Total Liabilities	<u><u>\$512,884</u></u>

See accompanying notes to financial statements

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 1 - GENERAL**

The Town of Woodside is a residential community located in San Mateo County, California. The Town was incorporated November 16, 1956 and its population at June 30, 2008 was approximately 5,625. The Town operates under a Council-Manager form of government, with 7 elected Council members served by a full-time Town Manager and staff. At June 30, 2008, the Town's staff comprised 21 full-time employees who were responsible for the following services:

*Public Works* - The Town builds and maintains its trails, sewer lines, streets, and related public property with a force of 5 employees.

*Planning and Building* - The Town has 12 employees providing planning and building services.

*General administrative services* - The Town has 4 employees providing these services.

Public safety services are provided by the County Sheriff's Department under a contract with the Town.

Water purchases and sewage treatment are provided by other municipalities which bill the Town for its share of operating costs.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of accounting policies of the Town:

**A. Reporting Entity**

These financial statements include the financial activities of the Town, which has no component units.

**B. Basis of Presentation**

The Town's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Statements require that the financial statements described below be presented.

**Government-wide Statements:** The Statement of Net Assets and the Statement of Activities display information about the primary government (the Town). These statements include the financial activities of the overall Town government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Town's funds and fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**C. Major Funds**

The Town's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

The Town reported the following major governmental funds in the accompanying financial statements:

**General Fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Library Operations Special Revenue Fund** is used to account for expenses and reimbursements derived from the Town's membership in the San Mateo County Library System Joint Powers Agency.

**Measure A Special Revenue Fund** is used to account for the Town's share of a one-half cent sales tax restricted for transportation purposes.

**Barkley Park Construction Capital Projects Fund** is used to account for the cost of periodic rehabilitation of the soccer/baseball fields at Barkley Fields and Park and of other periodic major maintenance projects at the park.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Town reported all its enterprise funds as major funds in the accompanying financial statements:

**Sewer Revolving** is used to account for revenues received from sewer connections to the Redwood Creek Sewer assessment District, to be allocated to sewer system improvements and rehabilitation.

**Sewer Utility** is used to account for the operating costs and user fees associated with the Town Center Sewer District. Fund 529 is a related reserve fund, used to accumulate revenues in support of prior year sewer operating costs, to be paid when negotiations with other agencies are completed.

**Town Center Pump Sewer** is used to account for the assets and liabilities of the Town Center Sewer District and to hold reserves for meeting all prior year liabilities to Redwood City and the County of San Mateo for the treatment, transportation, and capacity rental needs of the District.

**Cañada Corridor Sewer** is used to account for the operating costs and user fees associated with the Cañada Corridor Sanitary Sewer Area.

The Town also reports the following fund types:

**Fiduciary Funds** - Agency Funds are used to account for assets held by the Town as an agent for individuals or private organizations. The financial activities of these funds are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

**D. Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Those revenues susceptible to accrual are taxes, interest revenue and charges for services. Fines, licenses and permits are not susceptible to accrual because they are not measurable until received in cash. Sewer revenues are billed and collected as part of San Mateo County property tax rolls prior to year end.

Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Town may fund programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

***E. Budgets and Budgetary Accounting***

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution during the last Town Council meeting in the month of June.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Proprietary Funds except the California Law Enforcement Equipment Program.
5. Budgets for the general, special revenue, and proprietary funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budgeted amounts are as originally adopted or as amended by the Town Council. Individual amendments were not material in relation to the original appropriations which were amended.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*F. Property Taxes and Sewer Service Charges*

County tax assessments include secured and unsecured property taxes, and charges for sewer service. Unsecured taxes are taxes on personal property. Tax assessments are secured by liens on the property being taxed.

Revenue is recognized in the period for which the tax and assessment is levied. The County of San Mateo levies, bills and collects property taxes for the Town. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Secured and unsecured property taxes are levied on January 1. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

*G. Compensated Absences*

The Town's liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually, however, such compensated absences payments are not distinguished from regular payroll paid during the fiscal year. For all governmental funds, amounts expected to be permanently liquidated due to terminations are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

*H. Deferred Compensation Plan*

Town employees may defer a portion of their compensation under Town sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans.

The laws governing deferred compensation plan assets required them to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the Town's property and are not subject to the Town control, they have been excluded from these financial statements.

*I. Expenditures in Excess of Budget*

For the year ended June 30, 2008, Library Services expenditures exceeded the budgeted expenditures by \$3,179 in the Library Operations Special Revenue Fund.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS**

**A. Policies**

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Town's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law this collateral is held in the Town's name and places the Town ahead of general creditors of the institution. The Town has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The Town adjusts the carrying value of its investments to reflect their fair market value at each fiscal year end, and it includes the effects of these adjustments in interest income for that fiscal year.

**B. Classification**

The Town's total cash and investments, at fair value, are presented on the accompanying statement of net assets in the following allocations:

Cash and Investments	
Statement of Net Assets	\$8,370,880
Fiduciary Funds	<u>509,122</u>
Total cash and investments	<u><u>\$8,880,002</u></u>

**C. Investments Authorized by the Town's Investment Policy**

The Town's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF) and certificates of deposits in California financial institutions. The Town's investment policy does not contain any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk, and concentration of credit risk.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Cash and investments as of June 30, 2008 consist of the following:

Local Agency Investment Fund	\$8,522,387
Cash in bank	357,215
Cash on hand	400
Total cash and investments	\$8,880,002

The Town is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Town reports its investment in LAIF at the fair value amount provided by LAIF. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2008, these investments matured in an average of 212 days.

**E. Credit Rate Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**NOTE 4 - LOANS RECEIVABLE**

The Cañada Corridor Sewer Extension Project (Project) extended the Town Center Sewer System to approximately thirty additional properties in an area of Town that has experienced a high rate of private on-site septic system failures. The Town entered into a Developer Agreement with a private citizen/developer who had permits to build two new residences in the impacted area. The developer oversaw the Project, including the hiring of a contractor, using Town-approved plans and specifications. The Town completed the Project in fiscal 2005 and transferred the capital cost of \$480,299 to the Cañada Corridor Sewer Enterprise Fund.

The project was financed through a combination of private and public funds, including a \$100,000 contribution from the developer, down payments from the property owners who will connect to the system, and a contribution from the Town's Sewer Revolving Fund. It is anticipated that this contribution will be restored to the Town as area residents pay the remaining cost of each connection rights. The original repayment obligation amounted to \$234,784 and was secured by Recorded Deeds of Trust against each property. At June 30, 2008 the balance was \$61,292.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 5 - CAPITAL ASSETS**

The Town defines capital assets as assets with an initial cost generally of \$1,000 or more and an estimated useful life in excess of two years except for land which is always capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The Town is required to record all its public domain (infrastructure) capital assets, which it has placed into service beginning in fiscal year 2004, include roads, curbs and gutters, streets and sidewalks, and drainage systems.

All capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Town has assigned the useful lives listed below to capital assets:

Buildings and Improvements	20-50 years
Machinery and Equipment	5-20 years
Sewer Lines	30 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers, other governments or individuals. These contributions are accounted for as revenues at the time the capital assets are contributed.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 5 - CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital asset activity during the fiscal year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Additions	Transfers	Balance June 30, 2008
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$9,468,373			\$9,468,373
Construction in progress	2,433,131	\$1,761,773	(\$4,194,904)	
Total capital assets not being depreciated	11,901,504	1,761,773	(4,194,904)	9,468,373
Capital assets being depreciated:				
Buildings and improvements	2,800,232		4,194,904	6,995,136
Machinery and Equipment	631,714	114,497		746,211
Total capital assets being depreciated	3,431,946	114,497	4,194,904	7,741,347
Less accumulated depreciation for:				
Buildings and improvements	686,886	56,005		742,891
Machinery and Equipment	394,527	72,020		466,547
Total accumulated depreciation	1,081,413	128,025		1,209,438
Total depreciable assets	2,350,533	(13,528)	4,194,904	6,531,909
Governmental activity capital assets, net	<u>\$14,252,037</u>	<u>\$1,748,245</u>		<u>\$16,000,282</u>

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 5 - CAPITAL ASSETS (Continued)**

	Balance <u>June 30, 2007</u>	<u>Additions</u>	Balance <u>June 30, 2008</u>
<b>Business-type activities</b>			
Capital assets being depreciated:			
Buildings and improvements	\$141,706		\$141,706
Machinery and Equipment	9,727		9,727
Pumps and collections system	<u>2,726,497</u>		<u>2,726,497</u>
Total capital assets being depreciated	<u>2,877,930</u>		<u>2,877,930</u>
Less accumulated depreciation			
Buildings and improvements	141,706		141,706
Machinery and Equipment	1,945	\$1,945	3,890
Pumps and collections system	<u>1,470,617</u>	<u>90,886</u>	<u>1,561,503</u>
Total accumulated depreciation	<u>1,614,268</u>	<u>92,831</u>	<u>1,707,099</u>
Business-type activity capital assets, net	<u><u>\$1,263,662</u></u>	<u><u>(\$92,831)</u></u>	<u><u>\$1,170,831</u></u>

**B. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program is as follows:

**Governmental Activities**

Administration and finance	\$4,809
Planning and building regulation	8,860
Building and grounds	56,005
Town-wide overhead	18,743
Safety services	8,873
Public works	<u>30,735</u>
Total Governmental Activities	<u><u>\$128,025</u></u>

**Business-Type Activities**

Sewer Utility	\$522
Town Center Pump Sewer	74,874
Cañada Corridor Sewer	<u>17,435</u>
Total Business-Type Activities	<u><u>\$92,831</u></u>

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 6 - INTERFUND TRANSACTIONS**

With Council approval, resources may be transferred from one Town fund to another. The purpose of the majority of transfers, is to finance operations of the fund receiving the transfer. Less often, a transfer may be made to open or close a fund.

**A. Transfers**

Transfers between individual funds during the fiscal year ended June 30, 2008 are shown below. These transfers were generally made to reimburse the receiving fund for expenditures made on behalf of the fund making the transfer.

Fund Making Transfers	Fund Receiving Transfers	Amount
<b>Major Governmental Funds</b>		
General Fund	Barkley Park Construction	\$684,000 (a)
General Fund	Measure A Special Revenue Fund	500,000 (b)
Library Operations Special Revenue Fund	General Fund	8,539 (c)
Measure A Special Revenue Fund	General Fund	70,000
<b>Non-major Governmental Funds</b>		
Non-major Governmental Funds	General Fund	70,000 (c)
<b>Enterprise Funds</b>		
Sewer Revolving Enterprise Fund	General Fund	8,941 (c)
Sewer Utility Enterprise Fund	General Fund	20,907 (c)
Sewer Utility Enterprise Fund	Barkley Park Construction	175,000 (c)
Town Center Pump Sewer Enterprise Fund	General Fund	12,060 (c)
Cañada Corridor Enterprise Fund	General Fund	1,404 (c)
		<u>\$1,550,851</u>

Purpose of transfer:

- (a) General Fund contribution to Barkley Fields and Park Construction Fund
- (b) General Fund contribution to Roads Program
- (c) Overhead Cost Allocation

**B. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2008, the Supplemental Law Enforcement Service Special Revenue Fund owed the General Fund \$27.

**C. Internal Balances**

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG TERM DEBT WITHOUT TOWN COMMITMENT**

*A. Special Assessment District Bonds with no Town Commitment*

The Town is the collecting and paying agent for bonds outstanding in the amount of \$1,069,000 as of June 30, 2008. The bonds were issued by the Woodside Road/Whiskey Hill Road Parking Assessment District and the Town Center Pump Station Special Assessment District.

In October 1999, the Woodside Road/Whiskey Hill Road Parking Assessment District issued \$1,435,000 Series 1999-A Bonds to refund the Series 1990-A Bonds and to fund construction costs for the project.

In January 2002, the Town Center Pump Station Special Assessment District issued \$803,000 Series 2002-1 Bonds to refund the Series 1992 Bonds. However, the Town has no direct or contingent liability or moral obligation for the payment of these bonds. The Town is also responsible, as the Districts' agent, for the Districts' cash receipts, disbursements and balances, which are reported in the Woodside Road/Whiskey Hill Road Parking District 1999-A Bonds Agency Fund and the Town Center Pump Station District Agency Funds in the accompanying financial statements.

**NOTE 8 – NET ASSETS AND FUND BALANCES**

*A. Net Assets*

Net Assets are measured on the full accrual basis and are the excess of all the Town's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions which is determined only at the Government-wide level, and are described below:

*Invested in Capital Assets*, describes the portion of Net Assets which is represented by the current net book value of the Town's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Town cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

*Unrestricted* describes the portion of Net Assets which is not restricted to use.

*B. Fund Balances, Reserves and Designations*

Governmental fund balance is measured on the modified accrual basis and represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. Reserves also reflect assets which are not spendable such as prepaids. The Town cannot modify or remove these restrictions or reserves.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 9 - PERS PENSION PLAN**

*CALPERS Miscellaneous Employees Plans*

Substantially all Town employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Town's employees participate in the Miscellaneous Employee Plan. Benefit provisions under both Plans are established by State statute and Town resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the Town must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2008, are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	2.0% - 2.5%
Required employee contribution rates	8%
Required employer contribution rates	12.219%

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Town's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The Town uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation rate at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 9 - PERS PENSION PLAN (Continued)**

As required by State law, effective July 1, 2005, the Town's Miscellaneous Plan was terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the Town true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The Town satisfied its Miscellaneous Plan's unfunded liability of \$462,542 by agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next 19 years. The required contributions, representing annual pension cost, and related rates for the year ended June 30 were as follows:

	Contribution Amount	Contribution Rate
2006	\$299,413	10.297%
2007	299,175	10.355%
2008	352,682	13.117%

The latest available actuarial values of the above State-wide pools (which differs from market value) and funding progress were set forth as follow. The information presented below relates to State-wide pools as a whole, of which the City is one participating employer.

*Statewide Pool Miscellaneous Plan:*  
Actuarial

Actuarial Valuation Date	Entry Age Accrued Liability	Value of Assets	(Overfunded) Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Liability as % of Payroll
2004	\$434,267,445	\$379,807,592	\$54,459,853	87.5%	\$97,227,479	56.0%
2005	579,276,103	500,388,523	78,887,580	86.4%	129,379,492	61.0%
2006	912,988,585	787,758,909	125,229,676	86.3%	200,320,145	62.5%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**NOTE 10 - RISK MANAGEMENT**

**A. Risk Pools**

The Town participates in the following public entity risk pools, other risks are covered by commercial insurance.

ABAG Plan Corporation (ABAG PLAN) covers general liability claims in an amount up to \$5,000,000. The Town has a deductible or uninsured liability of up to \$25,000 per claim. Once the Town's deductible is met ABAG PLAN becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2008 the Town contributed \$56,026 for current year coverage.

ABAG Plan pool is governed by a board consisting of representatives from member municipalities. The board controls the operations, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

**TOWN OF WOODSIDE**  
**Notes to Basic Financial Statements**

**NOTE 10 - RISK MANAGEMENT (continued)**

Financial statements for ABAG PLAN may be obtained from ABAG, P.O. Box 2050, Oakland, California, 94604-2050.

The State Compensation Insurance Fund covers workers compensation claims up to \$200,000 each and has coverage above that limit to a maximum of \$1,000,000. The Town has no deductible for these claims. During the fiscal year ended June 30, 2008 the Town contributed \$48,648 for current year coverage. The Town received refunds totaling \$8,839 due to the adjustment of premium for the last three fiscal years.

**B. Liability for Uninsured Claims**

The Town has retained the risk for the deductible or uninsured portion of general liability claims. The Town's liability for uninsured claims at June 30, 2008 is believed by management to be nil based on the absence of any asserted claims.

**NOTE 11 - JOINT POWERS AGREEMENT**

The Town participates in the City/County Association of Governments of San Mateo County (C/CAG), which is governed by a board consisting of a representative from each member. The board controls the operations of C/CAG, including selection of management and approval of operating budgets, independent of any influence by each member beyond member representation on the Board.

C/CAG was established under a 1990 Joint Exercise of Powers Agreement between the Town, San Mateo County and a majority of cities within San Mateo County for the purpose of developing State mandated plans such as an integrated waste management plan. The Town makes annual nonrefundable contributions to C/CAG which are used along with other member contributions to finance C/CAG operations. Audited financial statements may be obtained from the Town of San Carlos, 666 Elm Street, San Carlos, CA, 94070. The Town's payments to C/CAG during the year totaled \$16,063. The Town's share of year-end assets, liabilities, or fund equity has not been calculated by C/CAG.

**NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES**

The Town is subject to litigation arising in the normal course of business. In the opinion of the Town Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town. Litigation outstanding in prior years has been settled without material cost to the Town.

This Page Left Intentionally Blank

**NON-MAJOR GOVERNMENTAL FUNDS**

TOWN OF WOODSIDE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2008

	SPECIAL REVENUE FUNDS			
	Traffic Safety	Road Impact Fees	Gas Tax	Supplemental Law Enforcement Service
<b>ASSETS</b>				
Cash and investments	\$28,101	\$413,375	\$42,235	
Accounts and other receivables	2,528	4,961	401	
Total Assets	\$30,629	\$418,336	\$42,636	
<b>LIABILITIES</b>				
Accounts payable	\$5,007	\$5,414		\$89
Due to other funds				27
Total Liabilities	5,007	5,414		116
<b>FUND BALANCE</b>				
Fund balance:				
Unreserved, undesignated	25,622	412,922	\$42,636	(116)
Total Fund Balances	25,622	412,922	42,636	(116)
Total Liabilities and Fund Balances	\$30,629	\$418,336	\$42,636	

SPECIAL  
REVENUE  
FUND

California Law Enforcement Equipment Program	Total Nonmajor Governmental Funds
\$10,712	\$494,423 7,890
<u>\$10,712</u>	<u>\$502,313</u>
	\$10,510 27
	<u>10,537</u>
<u>\$10,712</u>	<u>491,776</u>
<u>10,712</u>	<u>491,776</u>
<u>\$10,712</u>	<u>\$502,313</u>

TOWN OF WOODSIDE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE FUNDS			
	Traffic Safety	Road Impact Fees	Gas Tax	Supplemental Law Enforcement Service
REVENUES				
Fees and permits		\$465,068		
Fines and forfeiture	\$33,117			
Interest	119	15,034	\$2,845	(\$702)
Other agencies	1,560		82,262	100,775
Total Revenues	<u>34,796</u>	<u>480,102</u>	<u>85,107</u>	<u>100,073</u>
EXPENDITURES				
Current:				
Safety services				100,500
Public works	25,603	463,697	124,420	
Capital outlay		52,748		
Total Expenditures	<u>25,603</u>	<u>516,445</u>	<u>124,420</u>	<u>100,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,193</u>	<u>(36,343)</u>	<u>(39,313)</u>	<u>(427)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)		(70,000)		
Total Other Financing Sources (Uses)		<u>(70,000)</u>		
NET CHANGE IN FUND BALANCES	9,193	(106,343)	(39,313)	(427)
BEGINNING FUND BALANCES	<u>16,429</u>	<u>519,265</u>	<u>81,949</u>	<u>311</u>
ENDING FUND BALANCES	<u>\$25,622</u>	<u>\$412,922</u>	<u>\$42,636</u>	<u>(\$116)</u>

SPECIAL  
REVENUE  
FUND

California Law Enforcement Equipment Program	Total Nonmajor Governmental Funds
	\$465,068
	33,117
	17,296
	184,597
	700,078
	100,500
	613,720
\$37,599	90,347
37,599	804,567
(37,599)	(104,489)
	(70,000)
	(70,000)
(37,599)	(174,489)
48,311	666,265
\$10,712	\$491,776

TOWN OF WOODSIDE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2008

	TRAFFIC SAFETY			ROAD IMPACT FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Fees and permits				\$375,000	\$465,068	\$90,068
Fines and forfeiture	\$30,000	\$33,117	\$3,117			
Interest	200	119	(81)	7,500	15,034	7,534
Other agencies	2,000	1,560	(440)			
Total Revenues	32,200	34,796	2,596	382,500	480,102	97,602
EXPENDITURES						
Current:						
Safety services				441,804	463,697	(21,893)
Public works	27,700	25,603	2,097	88,000	52,748	35,252
Capital outlay						
Total Expenditures	27,700	25,603	2,097	529,804	516,445	13,359
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,500	9,193	4,693	(147,304)	(36,343)	110,961
OTHER FINANCING SOURCES (USES)						
Transfers (out)				(70,000)	(70,000)	
Total Other Financing Sources (Uses)				(70,000)	(70,000)	
NET CHANGE IN FUND BALANCES	\$4,500	9,193	\$4,693	(\$217,304)	(106,343)	\$110,961
BEGINNING FUND BALANCES		16,429			519,265	
ENDING FUND BALANCES		\$25,622			\$412,922	

GAS TAXES			SUPPLEMENTAL LAW ENFORCEMENT SERVICE			CALIFORNIA LAW ENFORCEMENT EQUIPMENT PROGRAM		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$2,845	\$2,845	\$500	(\$702)	(\$1,202)			
\$111,700	82,262	(29,438)	100,000	100,775	775			
111,700	85,107	(26,593)	100,500	100,073	(427)			
			100,500	100,500				
124,676	124,420	256				\$43,000	\$37,599	\$5,401
124,676	124,420	256	100,500	100,500		43,000	37,599	5,401
(12,976)	(39,313)	(26,337)		(427)	(427)	(43,000)	(37,599)	5,401
(\$12,976)	(39,313)	(\$26,337)		(427)	(\$427)	(\$43,000)	(37,599)	\$5,401
	81,949			311			48,311	
	\$42,636			(\$116)			\$10,712	

This Page Left Intentionally Blank

**AGENCY FUNDS**

Agency Funds account for assets held by the Town as agent for individuals, governmental entities, and non-public organizations.

TOWN OF WOODSIDE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>1999 Woodside Road/Whiskey Hill Road Parking District</u>				
<u>Assets</u>				
Cash and investments available for operations	\$125,915	\$133,865	\$131,663	\$128,117
Interest receivable	1,445	848	1,445	848
	<u>\$127,360</u>	<u>\$134,713</u>	<u>\$133,108</u>	<u>\$128,965</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$127,360</u>	<u>\$134,713</u>	<u>\$133,108</u>	<u>\$128,965</u>
<u>Town Center Pump Station District</u>				
<u>Assets</u>				
Cash and investments available for operations	\$203,504	\$43,532	\$147,961	\$99,075
Interest receivable	5,160	708	5,160	708
	<u>\$208,664</u>	<u>\$44,240</u>	<u>\$153,121</u>	<u>\$99,783</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$208,664</u>	<u>\$44,240</u>	<u>\$153,121</u>	<u>\$99,783</u>
<u>Trails Gifts &amp; Donations Fund</u>				
<u>Assets</u>				
Cash and investments available for operations	\$13,611	\$13,462	\$169	\$26,904
Interest receivable	437	169	437	169
	<u>\$14,048</u>	<u>\$13,631</u>	<u>\$606</u>	<u>\$27,073</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$14,048</u>	<u>\$13,631</u>	<u>\$606</u>	<u>\$27,073</u>
<u>Mathisen House</u>				
<u>Assets</u>				
Cash and investments available for operations	\$6,803	\$384	\$51	\$7,136
Interest receivable	85	51	85	51
	<u>\$6,888</u>	<u>\$435</u>	<u>\$136</u>	<u>\$7,187</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$6,888</u>	<u>\$435</u>	<u>\$136</u>	<u>\$7,187</u>

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>Marva Oaks</u>				
<u>Assets</u>				
Cash and investments available for operations	\$18,930	\$1,067	\$143	\$19,854
Interest receivable	235	143	235	143
	<u>\$19,165</u>	<u>\$1,210</u>	<u>\$378</u>	<u>\$19,997</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$19,165</u>	<u>\$1,210</u>	<u>\$378</u>	<u>\$19,997</u>
<u>Town Hall Window Fund</u>				
<u>Assets</u>				
Cash and investments available for operations	\$5,464	\$308	\$41	\$5,731
Interest receivable	68	41	68	41
	<u>\$5,532</u>	<u>\$349</u>	<u>\$109</u>	<u>\$5,772</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$5,532</u>	<u>\$349</u>	<u>\$109</u>	<u>\$5,772</u>
<u>Barkley Reserve Deposit Fund</u>				
<u>Assets</u>				
Cash and investments available for operations	\$211,954	\$12,153	\$1,802	\$222,305
Interest receivable	2,835	1,802	2,835	1,802
	<u>\$214,789</u>	<u>\$13,955</u>	<u>\$4,637</u>	<u>\$224,107</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$204,092</u>	<u>\$13,955</u>	<u>\$4,637</u>	<u>\$224,107</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash and investments available for operations	\$586,181	\$204,771	\$281,830	\$509,122
Interest receivable	10,265	3,762	10,265	3,762
	<u>\$596,446</u>	<u>\$208,533</u>	<u>\$292,095</u>	<u>\$512,884</u>
<u>Liabilities</u>				
Accrued liabilities	\$260,422	\$29,580	\$5,866	\$284,136
Due to bondholders	336,024	178,953	286,229	228,748
	<u>\$596,446</u>	<u>\$208,533</u>	<u>\$292,095</u>	<u>\$512,884</u>

This Page Left Intentionally Blank